

# WHERE ARE U.S.-CHINA RELATIONS HEADED?

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON EAST ASIAN AND  
PACIFIC AFFAIRS  
OF THE  
COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE  
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## WHERE ARE U.S.-CHINA RELATIONS HEADED?

MONDAY, MAY 1, 2001

U.S. SENATE,  
SUBCOMMITTEE ON EAST ASIAN AND PACIFIC AFFAIRS,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 2:07 p.m. in room SD-419, Dirksen Senate Office Building, Hon. Craig Thomas (chairman of the subcommittee) presiding.

Present: Senators Thomas, Hagel, Allen, Kerry, Feingold.

Senator THOMAS. I call the subcommittee to order.

Some of our members are a little late today. We had a policy lunch that goes on until a quarter after or a little bit later, so I suspect we'll be joined—welcome to all of you.

Today the subcommittee meets to examine where U.S.-China relations are headed, where we are, and more importantly where we want to go. Our relations of course with the People's Republic of China [PRC] are a little rocky at the moment, not to the surprise of anyone. Some view it pessimistically and say it's the start of a bad trend. I think perhaps in the longer term that this situation is a confluence of a number of things that have happened: the airplane incident, the Taiwan arms sales, the Taiwan visas, Human Rights Commission, the upcoming normal trade relations [NTR] vote, and so on.

So I don't think it necessarily indicates where we are. Certainly having a new administration also has something to do with it. People have not been in place, and I do want to stop to say we are very pleased that the Assistant Secretary is indeed in place, all of which took place in just a few days, and we're very happy, Secretary Kelly, to have you there.

I think it's also true at this time that China's testing a new administration to see how far that can be pushed and pulled, and I think that's probably true. The Chinese Government's faced with an unknown quantity in some ways; strategic partner versus strategic competitor, and so on.

So I hope that our long-term policy will remain relatively unchanged; that we will adhere, of course, to the "one China" policy, which is spelled out in the communiqués and in the Taiwan Relations Act and so on, and I for one don't believe that seeking to isolate China will lead us to where we want to go.

We need to communicate with Beijing on a whole variety of fronts certainly, and have a frank dialog that deals with some of the issues that are important to all of us and not to ignore them. I think a frank dialog is useful.

I believe both sides need to do a better job of communicating. The island affair illustrates—encapsulizes in one incident, what both sides seem not to understand and it continues to trouble the relationships I think. Beijing doesn't really understand, I don't think, the role of Congress in foreign affairs; our notion and our dedication to the concept of rule of law and playing by the rules of course, and that we try to do that.

At the same time we don't understand often the concept of "face" that is so important to China, or China's sense of history. I don't think we always recognize the intra-party conflicts that go on there, so each of us needs to do more than we can.

I think we need to spell out as clearly as we can what we expect from the PRC and our bilateral relationship. They need to know where we are. I think we need to work on the big picture and not be kind of deflected by some of these smaller things that come up that are cumulative, they have an impact, so that's what I think we'd like to talk about today with all of our guests.

Senator Feingold.

Senator FEINGOLD. I will wait primarily for the question period. Let me just quickly say that I think this is a very appropriate topic: where are U.S.-China relations headed? I'd be surprised if that wasn't the topic of hearings for about three or four decades to come. It is critical.

All I would do is add, first of all my congratulations again to Mr. Kelly, and second, to reiterate what I said the other day, my concern about making sure that the Chinese know the range of concerns that we have as Americans, as a government and as a people, and of course it includes economic relations but it goes much beyond that.

I was concerned about President Bush's remarks on the "Today Show" the other day. In response to a question about what happened with the plane, with our people, and a variety of other concerns the President's answer related only to trade. I think it's appropriate to mention trade but in that same context I think the head of our government and all levels of our government have to consistently talk about human rights and other issues such as the problems that we encountered recently in order for there to be a clear message.

And I agree with the chairman that we have more to do to understand the Chinese. They have more to do to understand us. But for them to understand us we have to make it clear what our values are, and I would simply reiterate the importance of that happening at all levels, especially at the very top.

Thank you, Mr. Chairman.

Senator THOMAS. Thank you, sir.

Senator HAGEL.

Senator HAGEL. No statement. Just happy to be here.

Senator THOMAS. We're happy to have you.

Senator HAGEL. Thank you.

Senator THOMAS. Mr. Secretary, again, welcome, and we'll look forward to your assessment of the duties before you.

**STATEMENT OF HON. JAMES A. KELLY, ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC**

Mr. KELLY. Mr. Chairman, thank you very much. It's an honor again to appear within a few days before this committee.

I have a fairly lengthy and I hope complete statement that with your permission I'd like to submit for the record and then read something that I hope won't go any longer than four and a half minutes or so. If that's all right, sir, I'll proceed with an abbreviated part of the statement that is drawn from the longer text.

Senator THOMAS. Your full statement will be included in the record.

Mr. KELLY. Mr. Chairman, thank you, and members of this subcommittee for my first opportunity to appear before you as Assistant Secretary of State for East Asian and Pacific Affairs. It is fitting that our topic today is China, since the past month's events have drawn the attention of the world to this important relationship.

As I said to the committee last week, America's national interests in East Asia and the Pacific are long term and consistent. America's presence in Asia and our relationship with our allies are essentials to stability in the region. That presence is diplomatic, economic, and military.

Let me emphasize that the latter has long been welcomed and long supported by most nations in the region.

I don't need to tell you or this committee just how important the development of China will be to that future. American interests are served by a China that is developing economically and politically. Recent events have called into question where we stand in our relationship with China and where we want to go.

For our part, as the President has said, we do not view China as an enemy. We view China as a partner on some issues and a competitor on others. The Secretary of State was especially clear about our vision of this relationship and his statement is in my longer text.

That said, we must be frank about our differences. Taiwan is one, human rights another, particularly freedom of expression and freedom to express and practice one's faith. Arms sales around the world and the proliferation of weapons of mass destruction are also important issues about which we have expressed concern to China.

The spirit of competition that governs some aspects of our relations with China does not necessarily mean distrust and anger. As the President said, we will address our differences in the spirit of mutual respect.

Events of the past few weeks have highlighted the importance of not allowing our relationship to be damaged by miscommunication, mistrust, and misunderstanding. Some influential Chinese seem to have a flawed understanding of our relationship, and you cited that in your statement, Mr. Chairman.

Following the President's policies we have been firm but respectful. We have been straightforward about our interests, including our commitment to Taiwan's self defense, under the Taiwan Relations Act, and their freedom of navigation in international waters and air space.

We're not going to conduct business as usual after our servicemen and women were detained for 11 days in China. Beijing needs to understand that. We have worked through diplomatic channels for the return of our crew and for the early return of our EP-3 airplane.

Our other allies and friends in the region have a stake in this process of nurturing a constructive relationship. The administration will consult and work closely with our friends and allies in Asia to formulate an approach to a new and dynamic China that serves our long-term interests.

We want to work both with the current leaders and with the next generation of leaders in China. To do so successfully we will need to find effective ways to deal with a changing and at times contradictory country; a country that embraces globalism at times, at other times encourages intense nationalism, a country that wants to join the world trading system but also keeps in place protectionist barriers.

We will hold China to its bilateral and international commitments. If China chooses to disregard its international obligations in areas as diverse as security, human rights, nonproliferation, or trade. We will use all available policy options to persuade it to move in more constructive directions.

I know how interested you are in America's relationship with Taiwan and want to address that subject directly. The President made clear in his discussion of our recent arms sales package that we will continue to provide defensive weapons to permit Taiwan to defend itself. After all, there has been a well noted intensification of PRC military preparations with Taiwan as its focus.

China has expressed unhappiness with our decisions, yet we could not have been more clear in our discussions with China. Our maintenance of unofficial relations with the people on Taiwan is a fundamental part of our one China policy.

At the same time the cross-Strait relationship is also complicated and to some eyes contradictory. The growth of two-way trade across the Strait between China and Taiwan has been fourfold in 10 years, and Taiwan investment in the mainland has burgeoned. People in Taiwan see tremendous opportunity on the mainland. We favor and encourage dialog across the Strait, but we do not have a role as a mediator.

We'll have to see how China responds to us. It would be unfortunate if it were to renege on commitments to international standards that most of the world supports and adheres to. We will be forthright in telling Beijing that its human rights violations are an anathema to the American people.

In that regard I want to assure this committee that we have forcefully raised the recent detentions of U.S. citizens and legal permanent residents and will continue to do so. It's part of our duty to Americans. We made a public announcement about this worrying trend to ensure that those Americans planning travel to China had a full picture of the situation.

Religious freedom is an issue that is at the center of our concerns of about how China treats its people. The President has made this point both publicly and in his meetings with Chinese.



We will also continue to focus on Tibet. In particular we will press for an end to religious restrictions against Tibetan Buddhists. Taking the longer view, we will also work to preserve Tibetans unique cultural, religious, and linguistic heritage. We continue to urge China to open a dialog with the Dalai Lama or his representatives.

The cutting edge of reform and positive social development in China is our trade relationship. We do have a significant trade deficit with China, and our imports far exceed our exports. But let us not forget that our exports totaled \$16 billion last year—or in 2000, up 18 percent from the previous year.

Our trade with China is in our interests. We support China's World Trade Organization [WTO] entry as soon as China is ready to meet the WTO standards. Taiwan is ready for entry now, and we expect both to enter the WTO in close proximity.

We look forward to China's hosting of this year's Asia-Pacific Economic Conference [APEC] summit at Shanghai in October. The President has said that he plans to go to Shanghai. His presence at the APEC leaders meeting will speak volumes about our commitment to market-oriented economic reform in China.

We will also continue to watch closely the developments in Hong Kong, which remains a vibrant international city even as a special administrative region of China. It is still different from the rest of China. It is a free and open society buttressed by the rule of law. Its markets are free. Our interests there remain strong. More than 50,000 Americans live and do business in Hong Kong, and our co-operation with the Hong Kong Government in a number of areas including law enforcement is excellent.

My judgment is that the PRC has generally lived up to its commitments and the basic law and joint declaration would provide for Hong Kong to manage most of its own affairs.

There are areas where vigilance is needed. According to reports we have seen Falun Gong practitioners in Hong Kong remain able to practice freely, consistent with Hong Kong's special status and the principles of universal human rights. It is important that Hong Kong uphold its constitutional principles and rule of law and maintain all the rights and freedoms traditionally enjoyed by the people of that territory.

In conclusion, sir, China's behavior, particularly in the next few months, will determine whether we develop the kind of productive relationship that the President wants. We encourage China to make responsible choices that reflect its statute in and obligations to the community of nations.

Thank you very much, sir.

[The prepared statement of Mr. Kelly follows:]

PREPARED STATEMENT OF HON. JAMES A. KELLY

Mr. Chairman, I thank you and the members of this Subcommittee for my first opportunity to appear before you as Assistant Secretary of State for East Asian and Pacific Affairs. It is fitting that our topic today is China since the past month's events have drawn the attention of the world to this important relationship.

As I said to this Committee last week, America's national interests in East Asia and the Pacific are long-term and consistent.

We seek a stable, peaceful region where each government is free to pursue its economic development and prosperity in a secure, open environment.

We support internationally accepted standards of behavior that ensure the pursuit of security and development is accomplished transparently, through cooperation with neighbors, not at their expense.

America's presence in Asia and our relationships with our allies are essential to stability in the region. That presence is diplomatic, economic, and military. Let me emphasize that the latter has long been welcomed and long supported by most nations in the region. Our future and our prosperity—and the future and prosperity of our friends and allies—are linked to the future of East Asia.

I don't need to tell you just how important the development of China will be to that future. American interests are served by a China that is developing economically and politically.

Recent events have called into question where we stand in our relationship with China and where we want to go. For our part, as the President has said, we do not view China as an enemy. We view China as a partner on some issues and a competitor on others. The Secretary of State was equally clear about our vision of this relationship, stating that "China is a competitor and a potential regional rival, but also a trading partner willing to cooperate in the areas, such as Korea, where our strategic interests overlap. China is all of these things, but China is not an enemy and our challenge is to keep it that way." From promoting peace and stability on the Korean Peninsula to non-proliferation to trade, we share common interests with China that are best served by a productive—and positive—relationship.

That said, we must be frank about our differences. Taiwan is one; human rights another, particularly freedom of expression and freedom to express and practice one's faith. Arms sales around the world and the proliferation of weapons of mass destruction are also important issues about which we have expressed concern to China. The spirit of competition that governs some aspects of our relations with China does not necessarily mean distrust and anger. As the President said, we will address our differences in a spirit of mutual respect.

Events of the past few weeks have highlighted the importance of not allowing our relationship to be damaged by miscommunication, mistrust and misunderstanding about our respective intentions and objectives. Some influential Chinese seem to have a flawed understanding of our relationship. We have been clear in word and deed, and China needs to be clear as well. Following the President's policies, we have been firm, but respectful.

We have been straightforward about our interests, including our commitment to Taiwan's self-defense under the Taiwan Relations Act and to freedom of navigation in international waters and airspace. We are not interested in a war of words in response to China's very vocal criticism, but we're not going to conduct business as usual after our servicemen and women were detained for eleven days in China. Beijing needs to understand that. We have worked through diplomatic channels for the return of our crew, and for the early return of our EP-3 airplane. We have been very clear about what needs to be done; we own that airplane and expect the Chinese to return it.

From a broader perspective, our relationship with China is based, first and foremost, on our national security interests and also on the impact and influence on America's friends and allies.

As Secretary Powell told this committee, Japan, South Korea, Australia and our other allies and friends in the region have a stake in this process of nurturing a constructive relationship. This Administration will consult and work closely with our friends and allies in Asia to formulate an approach to a new and dynamic China that serves our long-term interests. Consulting means listening to what our friends and allies have to say: they want a strong and reliable U.S. role to protect the peace and promote prosperity in the region. They are mindful of China's size, power, and recent economic growth. They do not support gratuitous confrontation or tension with China, either in their own relationships or ours. And neither do we; we need to be firm in our promotion and protection of our national interests and clear about our priorities in Asia and in U.S.-China relations.

We want to work both with the current leaders and with the next generation of leaders in China, as Secretary Powell has said. To do so successfully, we will need to find effective ways to deal with a changing and at times contradictory country—a country that embraces globalism at times, and at other times encourages intense nationalism; a country that wants to join the world trading system but also keeps in place protectionist barriers.

We will hold China to its bilateral and international commitments. If China chooses to disregard its international obligations in areas as diverse as security issues, human rights, nonproliferation or trade, we will use all available policy tools to persuade it to move in more constructive directions.

I know how interested you are in America's relationship with Taiwan and want to address that subject directly. The President made clear in his discussion of our recent arms sales package that we will continue to provide defensive weapons to permit Taiwan to defend itself. After all, there has been a well-noted intensification of PRC military preparations with Taiwan as its focus. China has expressed unhappiness with our decisions. Yet we could not have been more clear in our discussions with China: our maintenance of unofficial relations with the people on Taiwan is a fundamental part of our "one China" policy.

At the same time, the cross-Strait relationship is also complicated and, to some eyes, contradictory. The growth of two-way trade has been four-fold in ten years and Taiwan investment in the mainland has burgeoned. People in Taiwan see tremendous opportunity on the mainland. We favor and encourage dialogue across the Strait, but do not have a role as mediator.

We will have to see how China responds to us. It would be unfortunate if it were to renege on commitments to international standards that most of the world supports and adheres to. China's own interests—and its responsibility for the promotion of global peace, security, and prosperity—should guide the leadership in Beijing to uphold international standards in policy areas ranging from human rights to non-proliferation. China must live up to its global obligations as would any other country in the world.

Our productive relationship with China can only be based on a true reflection of our values. This is our greatest strength. We will be forthright in telling Beijing that its human rights violations are anathema to the American people. Every American Administration has been clear about this: U.S.-China relations cannot reach their full potential so long as Americans are persuaded that the Chinese government systematically violates its people's most basic rights of worship, peaceful assembly and open discourse.

In that regard, I want to assure this Committee that we have forcefully raised the recent detentions of U.S. citizens and legal permanent residents, and will continue to do so. As part of our duty to Americans, we made a public announcement about this worrying trend to ensure that those Americans planning travel to China had a full picture of the situation.

Religious freedom is an issue that is at the center of our concerns about how China treats its people. The President has made this point both publicly and in his meetings with Chinese. Abuses of freedom of conscience and religion of numerous groups have been growing in recent times. We have decried, for example, the demolition in recent months of home churches in China, and the abuses committed against followers of the Falun Gong, and have raised these issues with the Beijing government. After we saw reports of China's arrest of a 79-year old Catholic Bishop on April 13, Good Friday, we immediately engaged to try to confirm the reports and to urge the immediate release of the bishop if reports prove true.

We will continue to focus on Tibet. We are pressing the Chinese government at all levels to end abuses including use of torture, arbitrary arrest, detention without public trial or detention for peaceful expression of political or religious views. In particular, we will press for an end to religious restrictions against Tibetan Buddhists. Taking the longer view, we will also work to preserve Tibetans' unique cultural, religious, and linguistic heritage. We continue to urge China to open a dialogue with the Dalai Lama or his representatives.

The cutting edge of reform and positive social development in China is our trade relationship. We do have a significant trade deficit with China, and our imports far exceed our exports. But let us not forget that our exports totaled \$16 billion in 2000, up 18% from the previous year. Our trade with China is in our interest. That is not changed by the fact that trade also happens to be good for China. As the President said to the American Society of Newspaper Editors on April 5, the marketplace promotes American values; trade encourages more freedom and individual liberties. You can see that happening today in China, where trade has led to greater openness and fewer government controls on day-to-day life, particularly in the coastal region most affected by international trade. We do not claim that trade will remake China, but it helps. For these reasons, as well as our economic interests, and to help foster China's greater integration in the international community of nations, we support China's WTO entry as soon as China is ready to meet WTO standards. Taiwan is ready for entry now, and we expect both to enter the WTO in close proximity.

For the same reasons, we look forward to China's hosting of this year's APEC summit. The President has said that he plans to go to Shanghai in the fall. His presence at the APEC Leaders' Meeting will speak volumes about our commitment to market-oriented economic reform in China.

We will continue to watch closely developments in Hong Kong, which remains a vibrant, international city even as a Special Administrative Region of China. It is

still different. It is a free and open society, buttressed by the rule of law. Its markets are free. Our interests there remain strong—more than 50,000 Americans live and do business there; and our cooperation with the Hong Kong Government in a number of areas, including law enforcement, is excellent. My judgment is that the PRC has generally lived up to its commitments in the Basic Law and Joint Declaration, which provide for Hong Kong to manage its own affairs, except in the areas of foreign affairs and defense. There have been a few exceptions since 1997, but these have served to highlight the fact that for the vast majority of Hong Kong residents, autonomy is a real fact of life. There are areas where vigilance is needed: according to reports we have seen, Falun Gong practitioners in Hong Kong remain able to practice freely, consistent with Hong Kong's special status and the principles of universal human rights. It is important that Hong Kong uphold its constitutional principles and rule of law, and maintain all the rights and freedoms traditionally enjoyed by the people of Hong Kong.

There are additional areas where we share interests with China and would like to see it continue or expand constructive policies. We want to build on cooperation against narcotics trafficking; China realizes that drugs are a threat to the Chinese people. We want to work with China to combat the spread of HIV/AIDS. And we will continue to work together where possible to protect the environment.

Secretary Powell stated that we have a strong interest in supporting the development of the rule of law in China. We are prepared to offer an American perspective to China as it attempts to develop a more transparent and accountable legal system; we have, after all, the most open, transparent, democratic legal system in the world.

In conclusion, let me stress that we have enunciated a clear way ahead. China is in a position to chart a mutually beneficial course for our future relationship. This Administration wants a productive relationship with Beijing that promotes our interests and those of the entire Asia-Pacific region. We are willing to work with China to address areas of common concern that I have mentioned. These are items on a bilateral agenda with China that are in our national interest and we believe China's leaders will also see these as common interests.

But we will be firm in advocating our views:

- We will not shy away from supporting our friends and defending our common interests in the region.
- We will address differences with China forthrightly and with a spirit of mutual respect.
- We will be guided by our values and ensure Beijing understands it cannot have a stable relationship with the American people if it continues to oppress its own citizens.
- Above all, we will insist that China respect its bilateral and international obligations.

China's behavior, particularly in the next few months, will determine whether we develop the kind of productive relationship the President wants. We encourage China to make responsible choices that reflect its stature in and obligations to the community of nations.

Senator THOMAS. Thank you, sir.

Welcome to the ranking member. We'll try and do 5 minutes questioning and then we'll move around a little bit.

You mentioned trade. Certainly you mentioned we have \$16 billion. We also have an \$84 billion trade deficit. Do you think that that huge trade advantage they've had has caused China to be a little more—a little easier to work with than would be otherwise? Have we gained any advantages from having this trade, and if we go on with WTO and lower some of those barriers do you think that trade balance will level out?

Mr. KELLY. Well, Mr. Chairman, it certainly with membership in the WTO is going to start to beat down the barriers of protectionism that China has and make it more balanced. Whether we will get to a point remains to be seen, and I wouldn't want to project on that.

The size of the trade deficit with China has been big and it's grown quite immense recently. In my view this really does under-

score the need for China's membership in the WTO. It has certainly bought us a kind of a hearing and an understanding in China, but I'm not sure that all of those sales to United States have necessarily been decisive in any part of our political relationship. If that were true the recent events have shown little sign of it.

Senator THOMAS. Well, it does seem like with that kind of a trade opportunity and things they're trying to do in China that they would try to keep things a little more even to continue that.

Go back to the most recent thing. When did the People's Liberation Army [PLA] begin the aggressive intercept of our EP-3 airplanes?

Mr. KELLY. To the best of my knowledge, sir, that began within the last year. The observation flights in international waters and international air space off of China have gone on for many, many years. The aggressive tactics were the subject of representations to the Chinese Government in December of this year, and it's my understanding that they have begun only in the month before that, and not in all areas of the Chinese coast line.

Senator THOMAS. Do you have any current information on the airplane situation?

Mr. KELLY. Our team of experts are on the ground in Hainan as of a few hours ago, and I very much hope they'll get the opportunity to inspect the aircraft over the next couple of days.

Senator THOMAS. We of course will be responsible for the cost of removing the airplane and so on. I presume we will not be in the mode to be paying the PRC any money because of the incident. Is that correct?

Mr. KELLY. Mr. Chairman, the Vice President and the Chief of Staff I think made that very clear on Sunday, and that is no change in our policy. There will be no reparations. There would only be payments that would be of a routine nature to physically move the aircraft on to some kind of a barge or ship and to move it from Hainan Island.

Senator THOMAS. Well, let me move on.

Senator Kerry, would you care to make a statement?

Senator KERRY. Well, thank you. Mr. Chairman, thank you.

I guess it's important that we're here, though I must say I'm a little surprised, having seen you only a few days ago before you were confirmed. I'm not sure what's changed in the 24-hours that you've been on the job.

Mr. KELLY. I'm not sure either, sir.

Senator KERRY. But I will venture to see if we can try to make some progress now that you're in your official capacity, and I welcome you and certainly congratulate you on getting there.

Mr. Secretary, share with me if you will how it is that you believe this administration is going to change the relationship with China, from something that appears more tenuous than it was a few months ago with greater tensions and less communication than we've had previously, into the positive relationship—perhaps you might even define what you envision as that positive relationship.

Mr. KELLY. Well, Senator Kerry, the positive relationship is clearly something that we aim to build over a very long period of time.

Senator KERRY. And what would that be? What do you envision?

Mr. KELLY. Oh. I envision that we will—that as China itself develops, opens more to the outside world, its economic reforms proceed, there is also bound to be some kind of a political change and political development over time that Chinese themselves are going to develop.

We will try to influence in a fair and not insistent way that this moves along in lines that will bring China more fully into the community of nations.

Senator KERRY. Well, do you view something more specific in terms of how a potential superpower but certainly growing and vital force, the most important player in Asia, obviously, one of the most important in the world—do you have a more positive sense of the cooperative efforts that we and the Chinese might engage in jointly?

Mr. KELLY. I think there are a lot of positive efforts including trade, including work on such matters as disparate as environment issues and cooperation on AIDS, infectious diseases, on law enforcement, the threat of drugs, on participating together to reduce proliferation of weapons of destruction, of proliferation of weapons around the world.

China is the biggest country in East Asia. All of its neighbors never take their eyes off of what China is doing, yet China itself is uncertain about how to exercise this kind of mass power, and what we will try to do is work with them and influence them in a positive direction and signal firmness when the moves are in directions that are not in our interests.

Senator KERRY. Well, I appreciate that answer, and I think you've given a pretty comprehensive list of the areas we might find cooperation.

Would you agree with the statement, Mr. Secretary, that China is neither an enemy nor yet a full-fledged friend or friend at all?

Mr. KELLY. I would say China is a kind of a friend. I would certainly agree that it is not a kind of an enemy, and I would also state that it's certainly not our ally.

Senator KERRY. Now—

Mr. KELLY. Friend is a term in English that has a lot of different meanings, and you can have some very stiff disagreements with friends, so I would like to characterize that the goal is to have this kind of friendship.

Senator KERRY. Now, if you had some 18 to 23 operative nuclear missiles and all of a sudden the United States is going to build a system unilaterally that can shoot down missiles and you were a hard liner in China looking at that, would not your instinct be, well, sounds like we don't have much of a deterrent or offense any more. We'd better build a few missiles to overwhelm that shoot down capacity.

What would your reaction be to a unilateral move by someone across the seas that you look warily at if you saw that unilateral move yourself?

Mr. KELLY. Well, first of all, Senator, if I was a hard liner in China I might be well aware that ballistic missiles were one of the areas of military technology that the PLA, our own PLA, so to speak, in this simile, have been developing for a number of years.

The growth of medium and the potential development of long-range ballistic missiles is not something that might begin. It's something that's quite ongoing.

With respect to the rest of it, it would depend on the reading of what the United States case has been made on missile defense, and I believe our President——

Senator KERRY. Well, you're not suggesting—let me stop you—you're not suggesting that there's any deployment in excess of the numbers that I cited?

Mr. KELLY. Eighteen to 23. I would have to take that question for the record, Senator. I really don't know the answer right now. It is my belief that there is a potentially larger number out there, no matter what the United States does or does not do on missile defense.

Senator KERRY. Well, we might want to do that one in a classified session, but that is certainly the operative public number today.

Mr. KELLY. I understand that, sir.

Senator KERRY. Considerably less, I might add, than Russia.

Mr. KELLY. Far less than Russia.

Senator KERRY. And both countries have indicated near apoplexy publically about the prospects of unilateral breach with ABM and movement on national missile defense by the United States.

Mr. KELLY. Both countries have made very strong representations to that effect, but I would have to say, Senator——

Senator KERRY. So do you see that improving relations or do you see that increasing tensions?

Mr. KELLY. Well, what I would say, Senator, is that there are some very active consultations going on today. I happen to meeting with the Chinese Ambassador at 5 o'clock this afternoon to brief him. I asked for the opportunity to meet with him actually before the President's speech to review these points and begin the consultative process.

I very much hope to visit Beijing myself within the next couple of weeks as well as a number of other Asian capitals, some with more senior officials to consult with these people about what their feelings really are.

Senator KERRY. Let me just say I find that a stretch, the concept of consultation. The President's giving a speech this afternoon. I understand that Mr. Putin was spoken to this morning, and I gather you're going to meet this afternoon with the Chinese counterpart. If that's consultation then it's getting a new definition beyond anything I've known.

You don't—you consult weeks ahead of time, months ahead of time, you lead up to it. There's no rush here. There just is no rush, Mr. Secretary, and we're not about to deploy it. We don't have an architecture. We don't have a budget. We don't even have a successful test.

And to be calling people the day you're making this kind of announcement—I think it just sends a terrible message. I think it's bad diplomacy, and I say that to you very directly, and it's hardly interpreted by any of them as consultation. It's a most perfunctory form of saying, well, we're going to tell you the day we're giving a speech what we're doing. That's not consultation, sir.

Mr. KELLY. But neither is this speech, sir, the last word on American missile defense policy.

Senator KERRY. Well, I understand that, but it is a brash statement about our intent to move forward rapidly with deployment and to proceed with changes in the ABM treaty that are fundamental to people's notions of the current balance of power, and very fundamental, and it seems to me we've been over this ground in so many ways, but I don't see what the rush is. We can't even have a successful test and we announce we're going to go ahead and deploy and abrogate the ABM treaty.

What are we thinking? It's without any relationship to a ground reality, if you will, and I think it serves to heighten the tensions, not diminish them.

Senator THOMAS. We might visit later about our consultation with the PRC with their 50 missiles on the Strait perhaps.

Senator Allen has joined us—he's not on our subcommittee but he's welcome and has a comment he'd like to make or a question.

Senator ALLEN. Thank you, Mr. Chairman. Thank you so much for allowing me to join in. I'm on the Foreign Relations Committee but not on this esteemed subcommittee, and I also want to thank Senator Hagel for letting me go ahead of him.

Mr. Secretary, I'd like to raise the issue of continued detention of three United States based scholars in the People's Republic of China. The three are Li Shaomin, a U.S. citizen who teaches business at the City University of Hong Kong; Gao Zhan, a permanent resident of the United States and a research scholar on women's issues at American University; and Xu Zerong, an associate research professor at Guangdong Provincial Academy of Social Sciences.

Now, one of these scholars that I mentioned, Gao Zhan, is a resident of Virginia and a researcher at American University. She has been held in custody incarcerated by the Chinese authorities now this is the 80th day today. We have no idea of her location nor of her condition. They have denied access to her family, denied access to her lawyer, and even the Red Cross has been denied access to her location and her condition.

Her husband, Dong Hua Xue, is a United States citizen, as is their 5-year-old son, Andrew. They live in Virginia. Andrew was held for 26 days, violating the U.S.-Chinese consular agreement of notifying us within 4 days. He was held 26 days away from his mother and father. The husband was as well, and they're back here.

The husband has hired a lawyer in China competent to practice law in that country. The lawyer has been twice denied access to Gao Zhan. The lawyer has written the Chinese State Security Ministry asking for the reasons for denial. There's been no response. I'm told this is even a violation of Chinese law that permits a person under arrest to meet with a lawyer of his or her own choosing.

Now I'm concerned about the dangerous situation in which Gao Zhan finds herself. She was held for 40 days before they even charged her without any evidence. She doesn't have a chance to defend herself. Her husband and son do not know her location or condition or her health, and I suspect she has no idea of what's happened to her husband or her young 5-year-old son, much less that



anybody out here knows what is going—or she doesn't know that others are concerned.

When one looks at the interrogation of our crew members in trying to get them to admit and apologize and so forth—they had 23 other crew members. I can imagine Gao Zhan and what kind of support and sympathy there may be for her, which is virtually zero I suspect in whatever detention facility the Chinese authorities have her.

Now, this large-scale detention of U.S. based scholars of Chinese origin by the People's Republic of China creates, I believe, a hurdle to normal relations between the United States and the People's Republic of China. These scholars are human beings, they have families, and I think they ought to be treated in an appropriate way, and this is not the way to treat human beings, especially the issue of—the matter of Gao Zhan, of which I'm most familiar, talking with her son and her husband.

So, Mr. Secretary, my question is several questions. What can our Government do to help obtain the release of these scholars and can we seek help from non-governmental agencies to visit them?

Mr. KELLY. Thank you for that question, Senator Allen. It's a very important case and I share your concerns.

We have raised all three of the cases you cite, certainly including Ms. Gao Zhan with the Chinese Government and we are going to continue to do so. We haven't had any luck in her case. We have not done a lot better in the case of the American citizens who are there, and there is a difference in the treatment China is required to accord to American citizens who enter China under a U.S. passport as opposed to those such as Ms. Gao who entered China under a Chinese passport.

She is in fact a permanent resident of the United States and of Virginia. She is a subject of almost daily communications from our authorities from our embassy to the Chinese Government. Once again, we have not been satisfied with the replies that we get.

We were particularly concerned over the—what you mentioned, the long detention of the 5-year-old young boy named Andrew for that time. That did in fact violate the U.S.-China bilateral consular agreement, and it also violated the Vienna Convention on Consular Relations, so it violated two different agreements—international agreements to which China is a party and is really a matter of concern.

So for that reason the only thing I can say further is that's why we have issued this travel warning to all American citizens and especially those of Chinese descent who may be doing academic research that may be deemed by someone somewhere to be sensitive that their safety, even if they've traveled there often before, might well be at issue here now.

But it's not over and we're not satisfied.

Senator ALLEN. Well, time's up, but when you're meeting with the Chinese Ambassador this afternoon will you please let me—please would you once again press this matter with him for Andrew and her husband, and for Americans as well?

Mr. KELLY. I certainly will do so, sir.

Senator ALLEN. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Senator THOMAS. Senator Feingold.

Senator FEINGOLD. Thank you, Mr. Chairman.

Mr. Secretary, supporters of de-linking trade and human rights issues and U.S. policy toward China often claim that increased economic openness will inexorably lead to increased civil and political openness, and as you well know China has been engaged in significant international trade for some time between the United States and China. Trade has increased from \$4.8 billion in 1980 to \$94.9 billion in 1999.

In your view has there been any indication that this relationship has led to increased political openness and tolerance in China? Of course note that the State Department's own human rights reports from recent years seem to suggest that the situation is actually getting worse and not better.

Mr. KELLY. Well, sir, there are several segments to that. For some individuals those who practice religions, those who seek to demonstrate on the streets, I think I agree with you. I don't think their situation's any better, and in the case of American citizens of Chinese ancestry their situation may be even more difficult than it was.

Overall though I think there is little question that between 1980 and the current moment that many, many Chinese have the ability to say things and do things that are far more open than they were 20 years ago, so that there has been a large mass of improvement but those who are deemed by whatever process to have crossed the leadership and the leadership's policies are in lots of trouble to this day, and that's why human rights remains such a serious issue for us.

Senator FEINGOLD. OK. Thank you.

Say a little bit about to what extent you think the Communist party in China is threatened by the strong emerging strain of nationalism in that country. What might that regime do in order to in effect placate or appease the nationalists?

Mr. KELLY. Well, that's a real problem because the legitimacy of the leadership has with the decline of the Communist ideology has essentially been fostered by two things: the developing economic sphere in China and then this increased nationalism, and with a kind of what I would call a culture of victimization, a sense that foreigners have been coming over here and mistreating Chinese for 150 or 200 years.

There is certainly some considerable truth to that, but that also infers and stimulates feelings that, don't look at the facts. Don't look at the information and start jumping to conclusions is starting to put pressure onto the leadership. It's a force that the leadership sets in motion but which it cannot control, and it's potentially a dangerous force and one with which we are concerned.

Senator FEINGOLD. I appreciate the answer.

On another matter, the PNTR bill last year required the establishment of a bipartisan congressional executive commission on China on human rights and labor issues, but it appears that we'll now be voting again in just a few months on annual NTR, but the commission hasn't even begun its work.

What issues should the commission review, and do you agree that the commission's findings and recommendations should be considered relevant to the totality of our China policy?

Mr. KELLY. The commission that you refer to, Senator Feingold, is I understand getting itself organized. There is no question whether its predominant membership from the Congress but also strong representation from the administration that its recommendations are going to have to be considered quite strongly.

Senator FEINGOLD. Will they be ready in time for this year's review?

Mr. KELLY. I don't know the answer to that, sir.

[The following response was subsequently received:]

CHINA: PNTR COMMISSION

*Question.* Will the Bipartisan Congressional-Executive Commission on human rights and labor issues created by the PNTR legislation be ready in time for this year's review?

Answer. I understand that not all congressional members of the Commission have been appointed yet, nor has the President announced his appointment of executive branch commissioners who will serve on behalf of the Administration. Once the Commission is up and running, Administration Commissioners and working level staff will work with their Commission counterparts to provide any information necessary for the Commission to complete the annual report by October 10 called for under the PNTR legislation.

Senator FEINGOLD. Perhaps we'll follow on that later.

Finally, as you alluded to, the Chinese Government continues to undermine religious and cultural freedom in Tibet, and China's dialog with the Dalai Lama seems to have basically ground to a halt. What should the administration be doing about the lack of progress on Tibet?

Mr. KELLY. Well, the Congress has certainly set some tones. We are providing this bridge fund assistance to NGO's. We have embassy officials visiting Tibet quite regularly. The recent report was actually mildly encouraging about the conditions on the ground there and the ability of Tibetans to live a religious and normal life somewhat better, but this issue remains on our agenda.

Senator FEINGOLD. Well, obviously I'd urge the pressure to be kept on that issue in particular, and I thank you for all your answers.

Thank you, Mr. Chairman.

Senator THOMAS. Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you, and welcome, Mr. Secretary.

Senator Kerry alluded to Russia. Could you develop a bit for this committee what your sense of the emerging relationship between Russia and China is today? I note in the papers this morning that there were some agreements signed. That relationship seems to be developing in some new and deeper directions than in the past.

Would you give us your sense of that and where all that is going?

Mr. KELLY. Thank you, Senator Hagel.

From of course the early 1960's until late into the 1980's the relationship of China and the then Soviet Union was essentially poisonous with literally millions of troops literally pointing weapons at each other across rivers and borders. It has significantly improved in a way that was first probably stabilizing, but in recent

years has been a little bit more troubling, particularly because China clearly is interested in access to the military technology that the former Soviet Union developed in which the Russian Federation now possesses, and clearly changes of technology in fighter airplanes and naval missiles, in ballistic missiles, in all kinds of areas of military cooperation are not in our interests and not to our liking.

Otherwise the nature of the Russian economy is such that there really hasn't been all that much development on the economic side.

Politically these two share a huge expanse and there's a lot of suspicion that remains notwithstanding these recent agreements, so I see that as a relationship that is important and worth watching and which is troubling to some extent, but which probably has some inherent limits on how far it's going to go.

Senator HAGEL. Is there anything in our policy toward and with Russia and China that addresses the Russian-Chinese relationship?

Mr. KELLY. I don't think there's a great deal. There may well need to be more, and I think that's part of what's going to be looked at very carefully in our policy review.

Russia and China do have—and both apparently describe it or at least the Chinese side describes it as a strategic partnership, although there are as I said some real limits on where that is going. I think it's something that we're going to want to take up, and I'm looking forward to taking it up myself with Chinese counterparts and also with Russians.

As early as the 1980's we have a lot of consultations with the then Soviet Union about its interests in Asia, and that's something that I think we're going to be able to follow up on again, and I know the non-governmental organizations are doing quite a bit of work on that.

Senator HAGEL. Thank you.

You noted in your testimony the contradictory country of China, implying obviously the internal contradictions. Those internal decisionmaking contradictions were on display during the recent EP-3 incident. Could you develop that a bit, the internal conflicts, the inconsistencies, the contradictions, and the schizophrenia between the PLA, the reformers, and the traders that will likely impact the change of power over the next year or some months? Maybe that has already been decided but I'd be interested in getting your sense of that.

Mr. KELLY. There is a transition going on, and the experts and mentors that will follow me here I think know even more about it than I do. But clearly that was playing there. There are limits on the power of the most senior leaders of China. When the EP-3 airplane landed on Hainan Island it became in effect the property of the People's Liberation Army, and its crew and the airplane were their property, and apparently some kind of bargaining process then began with the authorities in Beijing.

This does not seem to be exactly the sort of thing that we're familiar with here, but it's about the only explanation I can come up with of the lack of anybody to talk to in Beijing about this for quite a while, and the differing attitudes that were there—it's fairly

clear, Senator, that some in the PLA in China think 11 days holding the crew, that's nothing.

Well, it's not nothing. It's a lot. It's a very substantial and serious problem as you understand perfectly.

Senator HAGEL. Thank you.

Senator THOMAS. We have another panel. Do you have any other burning questions, Senator? If not, Mr. Secretary, I appreciate it very much and wish you well.

Mr. KELLY. Thank you very much, Mr. Chairman, and thank you again for your remarkable processing of my confirmation last week.

Senator THOMAS. We were just plum out of an Assistant Secretary.

We have now a panel of experts that we're anxious to hear from along these same lines: Ambassador James Lilley, resident fellow, American Enterprise Institute; Mr. Douglas Paal, president, Asia Pacific Policy Center; Mr. Michael O'Hanlon, senior fellow, Brookings Institution; and David Shambaugh, director of the China Policy Program, George Washington University.

Thank you very much, gentlemen. I think one of the reasons for doing this and having and asking you to come—and we appreciate you being here—is to get different views, different perspectives of where we are.

Again, I've been dwelling lately—it doesn't matter whether it's electric deregulation or whatever—on sort of having some goals as to what we want to accomplish over 10 years and then measuring what we're doing with respect to the accomplishment of those goals, and I think that applies to most everything we do, so—Ambassador Lilley, welcome, sir.

**STATEMENT OF AMBASSADOR JAMES R. LILLEY, SENIOR FELLOW, AMERICAN ENTERPRISE INSTITUTE, WASHINGTON, DC**

Ambassador LILLEY. Thank you.

Senator THOMAS. Nice to see you again.

Ambassador LILLEY. Mr. Chairman.

Senator THOMAS. By the way, your total remarks will be included in the record and you can be as brief as you want.

Ambassador LILLEY. Well, you can see from my remarks that I think China is a serious problem, but from time to time it helps not to take it all that seriously. As I say, this is my 47th wedding anniversary so I'm fully aware of contradictions, and as I said before, contradictions are an element in the Chinese relationship which we must understand. This is what my wife told me as we left Beijing in May 1991.

I've gone through some of these contradictions as an exercise in the complexities of internal situation in China, and how we perceive them. First, I will try to deal with the conflict between the state-owned enterprises and the free market sector, democratic village elections and the suppression in China, China's perception of the United States as the great hegemon, bully, arrogant superpower, and their fascination with our inflammatory ideology, our huge military might, et cetera. Their obsession with nationalism which right now is probably in its most distasteful form.

I've talked to a number of American businessmen from China recently and they say nationalism has taken a form that is quite un-

pleasant. Chinese people, partners they've known for 20 and 30 years spout this nationalist line which is often patently based in false premises.

We have gone through this before, false accusations of U.S. germ warfare in Korea in 1950–53, but now it's happening again with the youth. That's depressing. But again, my experiences when I was there in 1989 were positive. The United States was admired and liked. This has changed but it can come back.

The conceptions of the military—David Shambaugh can deal with that better than I can, but the army is considered a monster by some and a junkyard army by the others. Both of them are wrong. We try to come up with some balanced judgment of what their military is. We heard the exchange between Senator Kerry and Jim Kelly and how we can misunderstand what they're doing with their missiles, I think that problem has to be examined very closely.

And finally, as the Chinese say, “you yi di yi, bi sai di erh,” friendship first, competition second. Then they whip your tail in ping pong while they're smiling the whole time. We do have these contradictions.

Now, what I'll try to do is to examine three areas where we can focus our efforts. I'd put first priority on the economic area, to which we should change the subject very quickly. We may not be able to accomplish this but it's in our interest to do so. We've got a new Ambassador going out there, Sandy Randt. He's a lawyer and businessman, and we're going to switch the subject from military confrontation to trade, permanent normal trading relations with China, getting China into the World Trade Organization along with Taiwan, and moving with this tremendous dynamic movement in Asia.

Second, we cannot ignore their military. We've made some moves recently which have clarified the picture and probably made hostile military action less likely. It has been my experience in Korea, and various other areas in Asia that when we are vague on our commitments we're inviting disaster. When we become clear and back our statements up with power it lowers the possibility of conflict substantially. It is important that we neutralize the military factor in the next 10 years so the Chinese can do what they can do best, namely make money with us and with Taiwan.

And finally, we have this rhetorical argument with them on principles. We never give up. They never give up. On their side it is sovereignty, unity, face, dignity, and pride. On our side free market, democracy, individual human rights. This argument has infected our relationship from time to time as it should, but at the same time we've got to put this argument into perspective and get on with the issues of war and peace, life and death for the largest number of people in Asia.

And finally, I just wanted to take one brief moment to talk about what I think is an important and misunderstood dynamic in this whole situation, and that is the economic relationship between Taiwan and China. It was only briefly touched on.

But this dynamic to me can change the face of Asia. People talk about political factors always overriding economic factors and cite Nazi Germany or Japan or whatever. But this economic dynamic

is so strong, the trends are so dominant, that if we don't understand it we're missing a great opportunity for reconciliation between China and Taiwan.

I can give you some statistics on this. A 108 percent increase in investment last year between China and Taiwan. Taiwan's former premier is going to China this month to talk about common market concepts, this sort of broadminded cooperation. Then there are the Shanghai attractions—read the Washington Post on the 28th of April which give a clear idea of the dynamism. There are perhaps 300,000 Taiwanese living in China right now. They have their own schools, their own churches, their own associations, and are buying villas at a furious pace.

There is an important dynamic here. Investments are getting stronger. China and Taiwan are moving toward direct links. The latest polls in Taiwan go from 5 percent for one country two systems to triple this. There is clearly a trend. The Chinese influence on Taiwan could move from military exercises to political action and economic integration.

They seem to be starting to do this. This kind of activity is acceptable because in the economic field and political field we can handle them. What the United States has to do is to take the military option and neutralize it and then switch the subject and focus on economics. That's the thrust of my remarks. Thank you.

[The prepared statement of Ambassador Lilley follows:]

PREPARED STATEMENT OF AMBASSADOR JAMES R. LILLEY

*"If you do not understand contradictions, you cannot begin to understand China."*—Sally B. Lilley, May 1991, Beijing

*"1 May 2001 is our 47 wedding anniversary, talk about contradictions!"*—James R. Lilley, 1 May 2001, Washington

In this testimony today in this complicated period in U.S.-China relations, I will try to be concise and to the point. There has been too much purple prose from both sides. While rhetoric is important and (just look at the word games we play in our 3 communiqués, the Taiwan Relations Act and most recently in the ambassadorial letter on the Hainan plane accident) there still are more enduring realities.

But first, an explanation of the contradictions—the Yin and the Yang to China—the unity of opposites—thesis, antithesis and synthesis in more modern terms. And to us, our principles versus our interests, our view of China's relative prosperity and its suppression, containment versus engagement. In the words of the King in "The King and I," it's a puzzlement.

A FEW EXAMPLES OF CONTRADICTIONS:

*Contradiction 1*

China's state system conflicts with the free market sector. Allocation of resources by the State to an expanding market sector has led to rapid growth and to massive corruption. China is bedeviled by corrupt cadres and greedy entrepreneurs who combine to form monopolies in both suburban and rural areas and who become rich by production and exploitation.

*Contradiction 2*

Since 1987 China has had some relatively democratic village election. Some rascals have been thrown out, others have grown more powerful. Some criticism of government policies has emerged in the National People's Congress.

There has emerged a freer media in the past 25 years. Talk shows, soap operas, upstart magazines ridicule the structure, pompous party officials, sleazy corruption, but still no one touches the emperor, advocates Taiwan independence, forms any real opposition party, or practices religious freedom!

*Contradiction 3*

The U.S. is the great hegemon, the bully, the arrogant world super power who seeks to humiliate and contain China's lofty and just ambition. The U.S. is also the mecca for the young nationalistic students, its practices are emulated, its pop culture is pervasive. U.S. technology and business methods, our mastery of international law, even our constitution are widely admired, but our fascination with human rights, our inflammatory ideology, and our huge military might are considered the greatest threats to the survival of the great Chinese state.

*Contradiction 4*

As Brian Mulroney once said, nationalism is patriotism without honor. Raw nationalism has expanded throughout China and its overseas Chinese communities. The Chinese party and propaganda alternately feed it and suppress it according to the needs of the State. The hate against foreigners, especially Americans, flared up in March 1996 during the crisis in the Taiwan Strait, in 1999 during the Belgrade accidental bombing, in 2001 over the Hainan plane incident. These flare-ups were reminiscent of the Boxer Rebellion in 1900 which was incidentally fed by the Empress Dowager and then punished by her. We saw this phenomenon of hate during the Culture Revolution in the destruction of the British Embassy in 1967, it also manifested itself in violent anti-Japanese demonstrations in 1985 in Chengdu, Sichuan, which in fact quickly turned against the local Chinese government.

Nationalism in China is riding a tiger and it is hard to get off. It can destroy the state if it gets really out of hand. Yet, it is essential to the regime in the diversion of the citizenry from domestic failures.

*Contradiction 5*

China publicly and frequently expresses adherence to the five principles of coexistence particularly non-interference in the internal affairs of other states. Yet China has a long record since 1949 of fighting with its neighbors-Korea in 1950, Taiwan in 1958, India in 1962, Soviet Union in 1969, and Vietnam in 1974, 1979 and 1988. China's record in Africa in 1960 was marred by numerous expulsions for supporting local resistance movements.

*Contradiction 6*

Some say China's military is a modernizing monster, indoctrinated against the U.S., using concepts of asymmetrical warfare to exploit our vulnerabilities. It is acquiring large amounts of high tech weaponry largely aimed at us. Others say its power is minimal compared to ours, its military budget is much smaller, it has little systems integration capability and its military officers defect regularly. It is in reality a junkyard army that cannot shoot straight.

*Contradiction 7*

Friendship First, Competition Second, as they whipped us in Ping Pong in 1972 as we opened up to China.

There are many more but I will stop here and spend more time on to what we face and what we might do about it.

For the sake of clarity, I emphasize 3 areas where U.S. and Chinese interests meet.

Currently, the most important priority for the future is the economic relationship with China. China's future depends on its ability to manage turbulent domestic problems which include an obsolete financial system, a stagnant state sector, rural unrest, corruption, disparities of wealth. China's economic growth which is necessary for its stability depends in large part on Japanese, U.S., and Taiwanese inputs in the form of investment, trade, tech transfer, management and training. China's entry into WTO and PNTR should in the long run contribute to controlling Chinese economic instability and would create a stable environment around China with both Taiwan and Japan as friendly neighbors. Lee Teng-hui was the president of Taiwan when Taiwan's largest economic contributions to China took place, and these were unaffected by Tiananmen or sabre-rattling in the Taiwan Strait in 1995-96. Lee has been castigated by China as a splittist, and a traitor etc. while in reality he has helped keep them afloat, a luxurious and bizarre contradiction which the Chinese choose to ignore.

The most dangerous area of potential confrontation between China and the U.S. remains military. U.S. forward deployment of forces, our security alliance structure and our commitments are the single greatest obstacles in Chinese eyes to China's manifest destiny. This destiny boils down to greater influence on the Korean peninsula, dominance of the East China Sea by regaining the Senkaku Islands now claimed by Japan, drawing Taiwan into China's orbit by neutralizing its military and political challenges and establishing some sort of unification structure over the



island, and gaining a commanding presence in the South China Sea (all of which China claims). China's current efforts seems focused on the Spratly Islands.

The United States has a strong military presence in Korea, and alliance with Japan, security commitments to Taiwan in the TRA, and a permanent interest in maintaining the freedom of the sea lanes in the South China Sea as well long term U.S. support for our allies and friends in southeast Asia. A number of these southeast Asian nations have conflicting claims in the South China Sea with the Chinese. The power of the U.S. naval forces and air forces in the area represent military superiority, and provide a credible deterrence to military adventurism (CDMA). This power, however, must be handled with great skill and precision given the potential explosive quality of any direct confrontation with China as well as the sensitivities of neighboring countries to China's power. Chinese continuing rapid missile deployments could lead inevitably to a persuasive rationale for TMD and NMD development and deployment. An improving power projection for Chinese submarines and modern surface ships has resulted in our supplying a much expanded ASW capability for Taiwan. Chinese acquisition of the advanced fighter SU-27 from Russia led to our supplying the F-16 to Taiwan.

Peace has been maintained in the waters around China for 50 years. Threats, military exercises, collisions and forays have been a permanent part of this peace process. Arm sales to Taiwan when handled well have not historically led to a widening gap between China and Taiwan. In fact the opposite case can be made in some instances. Seven months after the F-16 sale to Taiwan in 1992, China and Taiwan sat down in Singapore for their first substantial talks since 1949.

Major battles and heavy human losses have however been avoided in our dealings with China. Although the situation may have become more volatile with the build-up of Chinese military and economic power, war can still be avoided if the price for military adventurism is just too high, and the rhetoric on both sides is kept under some control.

Finally, there is the area of rhetoric and principles, and here there is of course much sound and fury. China has an outspoken and repetitive demand for respect for its sovereignty, unity, pride and dignity—in a word, its face. Its principle that China reserves the right to use force to defend its sacred sovereignty and unity is propagated everywhere, but particularly with reference to Taiwan. The United States for its part loudly proclaims its commitment to human rights, protection and expansion of democracy, globalization of economics and free and open markets, prevention of the proliferation of weapons of mass destruction. It is often here where our differences with China are most visible and audible. We recognize that our social systems are basically different. Our rule of law versus their rule by law, our habeas corpus and 5th Amendment rights versus their reform through labor camps and their fixation on induced confession as an integral part of their court system. Our most basic principles are democracy and human rights, free market economies. China stresses its sovereignty and unity and economic prosperity for its own people. There is a however a wide space for cooperation between our differing principles, and that is where our focus should be.

In summary, in a dangerous and uncertain passage, China has developed a formula for control of and prosperity for its vast country based on political conformity and economic experimentation. The Russian model of "glasnost first" has been vigorously rejected by China and China has something positive to show for its decision to reject glasnost. China believes it has reason to fear both our soft and hard power and has taken steps to survive and maintain its control against our so-called intrusions. Part of this process is to defy us, but probably not to the point of direct military confrontation.

In the 1980s, roughly from 1983-89, we had an effective policy for expanding our relations with China, while assuring Taiwan of our support. One significant result of this policy was China and Taiwan opened up to each other and tensions virtually disappeared. We are in a different circumstance today but the basic ingredients remain the same:

- Economic cooperation—difficult but essential.
- Military stability—changing but manageable.
- Rhetorical neutralization—don't let our mouths get ahead of our minds.

Senator THOMAS. Thank you very much, sir. I appreciate that.  
Mr. Paal.

**STATEMENT OF DOUGLAS H. PAAL, PRESIDENT, ASIA PACIFIC  
POLICY CENTER, WASHINGTON, DC**

Mr. PAAL. Thank you, Mr. Chairman. I have in my prepared statement tried to touch on three points which in my previous experience with my fellow panelists I think may not be what they want to touch on.

I don't look out 10 years as you've admonished this afternoon but just the next 4 years in the hope that we have an agenda that can be the basis for some constructive work with China or at least put us in a better position to deal with China if constructive relations elude us.

The first point is more in the way of an admonition than a prescription, and that is—and I'm rather pleased to hear as many Senators as were here today have shown sensitivity to the rise of nationalism in China. I don't think our own public understands quite how serious this matter has become and how vital it is to the survival of that regime, and the admonition I have is that we ought to do what we can in the form of resolutions that come from this body or statements out of the administration or from private citizens as well to distinguish between the people of China and the government, which is really quite an unpopular government in many ways.

One of the consequences of a lot of our actions in the last decade has been to drive people who would otherwise be quite unhappy with their regime into the arms of the regime in the defense of the nation of China, and this started back in 1993 by my reckoning, when we took an official position opposing China's hosting the Olympics in 2000. It was wonderful that Australia did as well as it did and had those Olympics, but a lot of Chinese—for them, the young ones especially, their reference point is not the Tiananmen massacre. They were too small to remember it, and they don't remember the Vietnam war. Our kids don't remember that as you know very well.

They don't remember their feud with the Soviet Union. They remember the last decade and the sparks between our two sides, and so the U.S.—it comes with the territory. We're the big power. We're the biggest guy in the doorway, so we tend to be seen as an adversary.

My hope is as we approach each of our policy formulations we'll try to distinguish between those things which pertain to the regime and those which are matters for the people of China and try to get on the side of the people, supporting reforms, supporting change in the system.

The second point I have has to do with the twin missile problems that China presents. The first set of missile problems is directed at Taiwan. President Bush I think is off to a strong start with his statement on arms sales this past week. It was necessary after several years of careful deferral of weapons systems by the previous administration in the hopes that the Chinese would show some restraint, that the United States indicate that restraint is not going to last forever on the American side.

And my hope is that in the aftermath of this, as the two Presidents meet and as their diplomats prepare for those meetings, we be prepared to address directly with the Chinese leadership, both

the current and aging leadership and then the incoming leadership that we need to demilitarize, or face the issue of Taiwan in ways that are political and not military only, and that China does not have a path through military buildup that will solve the problem for them. I think that first step has been a good one and we need to pursue it.

The second military—missile issue is that of—it was reflected in the questioning earlier today by Senator Kerry, and that is on the missile development of China. When I left office in 1993 from the NSC there were two Chinese missiles capable of reaching the United States. Today the number is roughly, as Senator Kerry said, about 24, which is the number I have from public information.

That will be continuing to grow. China will not stop adding to its fleet of missiles—its supply of missiles. Moreover, the missiles they're building are becoming more hair trigger. They're trying to go from storing the air frame and the fuel and the warhead separately to road mobile systems, and we don't know how well they can protect them, whether these things can be subjected to criminal or accidental within China, whether the Chinese can establish the technical safety.

The President's initiative today on missile defense is generally the right one, but one important decision that has to be made as we confront missile defense is the degree to which we are prepared either to capture or neutralize China's missile capabilities, as Senator Kerry was questioning Secretary Kelly earlier, or are we prepared to reach an agreement with China that will provide us with stability against those occasional rogue launches, enough missile defense to do that, and the Chinese will be permitted the legitimacy of a deterrent.

Now, we can have quite an internal and interesting debate about whether or not we want to go down one or the other of those roads, and a lot depends on whether we can, that we have the ability to make that choice. That will be before us for the next few years.

Senator KERRY. Mr. Paal, the chairman has allowed me to just make one intercession here, because we have a Finance Committee meeting I've got to go to on the tax bill, and I know that notwithstanding your deep interest in China you also want us to do the right thing on that.

But just quickly if I could ask you, in your experience—and maybe you want to all lay down something for the record as you go down the road on this—it seems to me that there was the potential conceivably to reach some understanding with China before we get into the predicament we got into with the former Soviet Union where we're both building and responding to each other. That in this new world we're living in where most people are looking differently at the kinds of conflicts we may deal with and what the potential for real confrontation is after 50 years of the cold war that there may be a way. I'm for researching and indeed I'm for certainly doing a thorough job of having the potential to shoot down one or two accidental launch or rogue missiles if that were to become a realistic threat measured against many other tiers of threat that I think are much more immediate.

But that said, if you could have China's assent and even Russia's, to what that process for deployment may be, you can do this

with a whole different potential of reactions that come with it, whereas if you do it on a unilateral basis you can change the balance of power. I think you would agree with that. No?

Mr. PAAL. I'd probably modify your characterization to say you need a mix. You should be ready to discuss but if you're not prepared to take action and if you hem and haw then they will never respond to—

Senator KERRY. Well, nobody should have a veto over our own security. I agree with that premise. But you have to make an ultimate judgment about what the nature of each threat is. Is there a greater threat of a rogue missile or accidental launch than there is to the ultimate security of the country of a renewed arms race?

Mr. PAAL. Well, that has to be an ancillary discussion, sir, on the question of whether China is capable of competing with us in an arms race, and that's something that I would if I were in government look at very—

Senator KERRY. Well, it's the same argument we made about the former Soviet Union.

Mr. PAAL. Yes, sir. But I think we ought to—

Senator KERRY. And in every single case except for Sputnik and submarines from the dropping of the bomb at Hiroshima and Nagasaki in every single case the United States of America took the lead on a particular technology: MIRV'ing, the hydrogen bomb—each step of the way, so that ultimately it may take longer. The people who want to catch up will catch up if that's where you've left things.

Mr. PAAL. Let me just remark that I've led a delegation, so-called Track Two of unofficial people with some money provided by the State Department in January to China to discuss these issues, and we found that at very, very senior levels in China the attitudes were very hard line and rigid, but that if you got just below those levels, even with flag officers of the People's Liberation Army, there was preparation among them to think about something like a grand bargain, so this is an avenue that has some distance we can travel to explore the willingness of China to actually reach—

Senator KERRY. Well, I don't want to abuse the process here of all the testimonies, but I'd like Mr. O'Hanlon to be able to answer that afterwards for the record just if possible because I think it's important to have different views here as to what the reactions may be and what the possibilities may be.

I certainly don't want to leave Los Angeles or New York exposed to the potential of either accidental launch or a rogue missile, but I've served 6 years on the Intelligence Committee and 16 years on this committee, and I can remember being deeply involved in the arms control issues of the last three decades, and my sense is that there are great possibilities here for how we may be able to reduce the danger if we proceed thoughtfully, but there are equally great possibilities for how we may enhance it if we don't, if we misread the intentions and desires.

So my hope is—as I look at those threats the threat of a rogue missile right now would require a liquid fueled rocket. It requires a pad. It requires a rollout. All of that is discernible by national technical means over a period of days. Preemptive strike remains always an option for the United States. It worked for Israel against

Iraq. It would work for us. There are many different kinds of options, and we need to view these threats I think in a most realistic way.

Most of the intel community tells me the far greater threat to the United States is a rusty freighter coming into San Francisco or New York lifting its cargo doors and launching a cruise missile against which there is absolutely no ballistic missile defense whatsoever, or a bottle of Anthrax about twice the size of that would take out an entire city. So I think we have to be much more realistic about threats as we think about where we're heading down the road, and maybe the rest of you could discuss that.

And I apologize profusely, but America's tax cut waits. Thank you.

Senator THOMAS. For that reason we'll excuse you, Senator.

Had you finished, sir?

Mr. PAAL. I just wanted to make the third point, which is that I think the United States has learned in its experience dealing with China that if we're activist and take the initiative we can often write the first draft of Chinese foreign policy. Now, that's become more complicated as China's become more involved with the world and as we have a less simple environment, no longer centered on our common opposition to the former Soviet Union.

But today we look at the regions surrounding China and I can see an activist agenda that starts with continuation of our separate tracks but mutually reinforcing policies with respect to North Korea, move on to Southeast Asia where there is potential for cooperation and regional and political trouble spots where we'd like to entice the Chinese into a more cooperative relationship, and where we need to be more active to prevent ourselves from being excluded from exclusionary Asian multilateral organizations.

In South Asia we have a potential to engage China in trying to deal with the underlying sources of instability rather than working on just the weapons tip of this, the weaponization of the nuclear capabilities that have emerged in South Asia. We ought to be addressing the underlying insecurities and China must be part of that dialog.

Finally, there's a Shanghai Five process on the western borders of China which is involved in police and other kinds of activities to reduce cross-border crime, deal with insurgencies and other matters. There are areas—these are delicate areas but there are places where the United States could also offer assistance and be part of the story in Central Asia more than we have been in the last few years.

Thank you.

[The prepared statement of Mr. Paal follows:]

PREPARED STATEMENT OF DOUGLAS H. PAAL

Mr. Chairman, thank you for the opportunity to join this panel today to discuss the road ahead in the United States' relations with the People's Republic of China. It is quite common in discussions like this to focus on the calendar items before us and offer judgments or prescriptions about what the U.S. Government should do in each case. For example, in light of recent Chinese behavior, questions arise whether the President should meet the Dalai Lama in the private quarters or Oval Office of the White House. Should the U.S. formally oppose China's effort to host the Olympics in 2008? Should the President make a state visit to China later this year?

I would like to take a different approach today. My prepared statement touches on three aspects of dealing with China that might inform policy making in the next few years:

- The gap between the people and the unpopular regime in China,
- Addressing Chinese missiles aimed at Taiwan and those aimed at us and our allies, and
- Constructing an agenda for regional cooperation with China where possible, and competition where not.

I believe it should be axiomatic in the conduct of U.S. foreign policy that the U.S. should, to the extent possible, avoid actions that tend to rally the support of the Chinese people to the unpopular regime that governs them. Today Chinese communist power derives in part from its control of the gun, or the People's Liberation Army. But it also rests on two pillars: economic expansion and nationalism. Without the latter two, the former would become untenable.

Beijing knows well that it must aggressively display its defense of Chinese national interests to overcome the history and mythology of the past century and a half of what the Chinese term "humiliation" at the hands of foreigners, or it will lose influence. When incidents arise, such as the accidental bombing of the Chinese embassy in Belgrade or the recent EP-3 collision with a Chinese fighter, Beijing's leaders believe they must rush to the forefront and appear to lead in expressing indignation or they will be judged soft and weak. In a time of leadership succession as is now underway in China, this is particularly so, as candidates for advancement seek to court broader coalitions of support and cannot afford to be seen as weaker than their rivals.

By promoting nationalism as a substitute for ideology and in response to the expectations of a Chinese public more aware and vocal than before, the Chinese leadership is, in its language, "riding a tiger." Once you begin to ride it, it is very hard to get off without being eaten. In fact, every regime in China in the twentieth century prior to the present government fell from power largely because it proved insufficiently effective in defending China's interests from Western and Japanese encroachment. As a result, after the bombing of the embassy in Belgrade, Beijing's leaders saw popular indignation rising and they moved quickly to get in front of the crowd and appear to be leading it. At the same time, however, they worked hard to ritualize and channel the subsequent protests lest the public anger turn on them as well.

Today, we prepare to face the next few years of rising Chinese power and increasing regime insecurity. It will be important for policy makers to ask themselves, every time they must make a big decision about how to deal with China, whether the substance and style of the decision will increase the bonds between an unpopular leadership and the regime or not.

For example, hosting the 2000 Olympics was a popular notion with the Chinese public in 1993, when the U.S. signaled its opposing view to the International Olympic Committee. The Olympics decision went to Sydney, which performed magnificently. But ordinary Chinese subsequently blamed the U.S. for denying them their turn in the spotlight. A similar question is before Washington now. Should it voice official opposition to Beijing hosting the 2008 Olympics? Doing so, should Beijing lose its bid, will add another episode to the growing list of slights against the rise of China that the public perceives and the regime exploits to its advantage. Doing so, should Beijing win the 2008 Olympics bid, will add to the list, but also diminish respect for U.S. influence. Hence, formally opposing China's bid is a lose-lose proposition; we will be better to let other criteria decide whether Beijing wins the opportunity to host. If Beijing wins, moreover, the behavior of the regime will come under greater international scrutiny and the price of pressuring Taiwan will go up.

As a general principle, policy makers should whenever possible attempt to distinguish between our necessary dealings with the Chinese regime and our aspirations for the Chinese people. We can more effectively express our concern about the gap between regime rhetoric and real reform in China by targeting our concern on regime shortcomings, not labeling China as a whole.

When we talk about the potential for reunification or independence of Taiwan, we will do well to frame the discussion in terms of China's need to fulfill its reform agenda and make itself more appealing to Taiwan's people. This will reduce the potential for Beijing to manipulate public opinion if we short circuit the debate by calling directly for the island's independence.

Incidentally, the new Administration is doing well by not repeating President Clinton's "three no's," which explicitly ruled out Taiwan's eventual independence from the mainland. Who are we to rule out the two sides ultimately agreeing to go

their separate ways? We should encourage the Chinese to think about Taiwan in more discriminating terms.

*Missiles aimed at Taiwan and the U.S. are likely to bedevil relations between Washington and Beijing for some time to come.* China's growing inventory of short and medium range missiles opposite Taiwan has drawn warnings from the Clinton and Bush Administrations. The U.S. repeatedly declared its intention to exercise restraint in arms sales to Taiwan in hopes of China's restraint in missile deployments. Up to now this has been an unavailing approach. President Bush's recent arms sales decisions, should they be carried through to completion, help to reaffirm American seriousness, after China's repeated indifference to President Clinton's pleas.

The credibility that President Bush has garnered from his decisions should not be squandered. By being firm on the security of Taiwan he has prepared the stage for a candid and tough discussion with China's leaders. They seem to believe that time is on their side in building up their military capabilities, that Taiwan, being smaller, will in the end prove weaker.

President Bush has begun to show them that a new team is in town and has a different agenda, and that it will not shrink from supplying Taiwan what it needs and can use to defend itself. The President's remarks regarding Taiwan last week showed that he is unambiguous in his support of Taiwan's security, as specified in the Taiwan Relations Act.

Rather than raise tensions, as many fear will result, the new voice in Washington should seek opportunities to channel the competition between Taiwan and the mainland back into the political realm. An arms race will not solve the problem for Beijing so long as the U.S. underwrites Taiwan's security. Beijing needs to be persuaded to give up the missile build up and return to the bargaining table.

Similarly, the Administration must take notice of the small but growing number of Chinese intercontinental missiles that probably are aimed at us. The new Administration is correct in stressing missile defense for a host of reasons. Given the related trend toward militarizing the political problems in the Taiwan Strait, the U.S. has greater need not to be vulnerable there to nuclear blackmail. Moreover, China is developing a new generation of road mobile, solid fueled missiles that can be launched instantaneously, unlike earlier generations of missiles with less of a hair trigger launch capacity. Until China demonstrates it can safeguard these new mobile missiles from criminal or accidental launch, there is an additional legitimate need for missile defenses.

An important question on the road ahead is the approach the U.S. will take to missile defense regarding China. Will Washington seek to build just enough defenses to intercept a few rogue, criminal or accidentally launched missiles? Or will it build a larger system intended to deny China any retaliatory or first strike capability against the United States? As a citizen, I view the latter as desirable, if it is also affordable and effective.

As an alternative, realistic consideration may be given to reaching a political understanding with China that the U.S. is seeking only to protect itself from the rogue, criminal or accidental launches, as President has stated frequently. In return, China would be expected to become transparent about its secretive rocket forces and constrain its arsenal to maintain minimum deterrence. In other words, the U.S. and China would exchange defensive stability for deterrent stability. In reaching such an agreement, major assumptions about China's reliability and long term ambitions would require close examination and discussion within the U.S. government.

*As China becomes more assertive in its own neighborhood and in global affairs, as we have seen recently in the EP-3 incident and China's interception of an Australian Navy flotilla, we will need to work out written and unwritten rules of the road.* This applies not just to peacetime contacts between armed forces, but also to pursuit of our respective interests in regional affairs. As a newcomer in some arenas and a familiar hegemon from imperial days among its neighbors, China presents a complex challenge.

The U.S. government will be well advised to survey issues in *Northeast, Southeast, South and Central Asia* where China is playing a role or has the capacity to contribute positively to regional stability. China clearly is pursuing its own interests on the Korean peninsula, and they correspond in some ways to those of the United States, Japan and the Republic of Korea. These include maintenance of stability along the demilitarized zone, denuclearization of the peninsula, and prevention of long range missile capability.

The Bush Administration's emphasis on the alliances with Japan and Korea is welcome, and they will be necessary for future management of China's rise in power. It is increasingly apparent that relations with China cannot be managed in a balanced fashion by Japan or Korea or the United States, each on its own. It is

our cooperation in the alliance framework that stays China's had of coercion and diverts it into cooperation or at least restrained competition.

In *Southeast Asia*, China has sought to reassert its traditional influence on its own through stepped up and sustained diplomacy and commerce. The Bush Administration has a near vacuum to fill after the Clinton Administration's episodic attention to the region. Here the emphasis may at times be on competition between Washington and Beijing, but the region's residents are often uncomfortable having to choose between the two.

The U.S. might usefully seek limited areas where cooperation can be coaxed from China, which is reluctant formally to acknowledge U.S. influence in the region. Multilateral institutions and cooperation offer venues, for example in peace keeping in trouble spots or in responding to economic crises. The U.S. will have to step up its level of effort, however, to keep pace with Chinese efforts to convert multilateral institutions into instruments of Chinese influence and to build institutions that exclude the U.S. and Australia. Japan, Korea and others will make important partners in limiting China's efforts to circumscribe U.S. influence.

In *South Asia*, there is a need to begin to address the underlying sources of insecurity that produced the nuclear arms race there. The U.S. can usefully energize its diplomacy with Pakistan and India, taking advantage of the new self-confidence of the Indian BJP-led government and working to prevent the further decline of Pakistan's economy and polity.

President Clinton was correct to show presidential interest in the region for the first time in a quarter century. If the U.S. is to address the underlying sources of insecurity, and not just their nuclear symptoms, China cannot be excluded. Its past troubles and promising future with New Delhi combine with a long-term relationship with Islamabad to make it a key element of any lasting security arrangement in South Asia. Beijing will be wary at first, however, and therefore it is likely to be necessary for Washington to begin the process with an expanding set of bilateral and multilateral security dialogues, from which China will ultimately not want to isolate itself.

Finally, *Central Asia* is a target of Chinese policy making. The Shanghai Five arrangement is moving toward institutionalization with a formal secretariat to coordinate diplomatic, police, military and intelligence cooperation among Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan. Pakistan has applied to join to make it the Shanghai Six. All these states share an interest in dealing with cross border crime, migration, radical Islam, and related issues.

The U.S. may be able to make a small contribution to those interests among the Shanghai group that overlap with American interests, as in crime fighting. Energy issues also touch on U.S. interests. Reinvigorating a modest U.S. diplomatic effort in the Central Asian region may serve to test China's willingness to cooperate rather than to contend with the United States there.

Thank you, Mr. Chairman, once again for this opportunity to discuss the future of U.S.-China relations with you. I look forward to your observations and questions.

Senator THOMAS. Thank you very much.  
Mr. Shambaugh.

**STATEMENT OF DAVID SHAMBAUGH, DIRECTOR, CHINA POLICY PROGRAM, GEORGE WASHINGTON UNIVERSITY, WASHINGTON, DC**

Mr. SHAMBAUGH. Thank you, sir. I also welcome the opportunity to testify in front of you, and I, like the others, have a brief statement that I've submitted for the record.

Let me, in the short time allowed, try and summarize a few highlighted points from that statement for you. And indeed, I think we should come back to Senator Kerry's concerns about the missile defense and China's nuclear response issue, and I would have something to say on that point later too.

The three points I'd like to touch on first have to do with my assessment of where the relationship is today; second, the role that Chinese nationalism and mutual perceptions, public perceptions are playing in the relationship more generally; and third, the subject of the hearing, where do we go from here, although just to tag



my argument of where we go from here has to do very much with the question of what we seek from China, and what kind of relationship do we seek?

I would hope that the administration is not simply going to try and trot out a laundry list of issues that we seek to negotiate with China, but indeed has a strategy, has a framework, has an overall vision for where they want to take the China relationship.

But briefly where do I see the relationship today? If you look back we've certainly had worse times. We've had better times. It's not as bad as it was after 1989 in the aftermath of the Tiananmen massacre when Ambassador Lilley was serving in Beijing. It's not as bad as it was at the height of the 1996 so-called Taiwan Strait crisis. But I'd say myself looking back on the relationship of 25–30 years, as long as I've been studying it, it's pretty bad.

I say that because there's a sense of fragility in the relationship today that I haven't seen before, and there's a sense of mutual suspicion that is becoming set on both sides that I haven't seen before. And I think the EP-3 incident—we're still a bit too close to it to have the perspective to analyze it—but I think when we look back on it we may see it as a kind of watershed in the relationship in the following way. I think it has shifted public perceptions in both countries of the other in a qualitative way toward seeing the other as an adversary.

Prior to the incident the American public was divided on the question of whether China is an adversary or not. Public opinion polling today—and it doesn't take a rocket scientist or a public opinion poller to tell that now China is seen in an increasingly adversarial light by the majority of the American public.

Similarly in China the United States is seen as a nation hostile to China's interests, as an adversary of China, and this is—as you've discussed earlier—driven by Chinese nationalism and indeed explicit anti-Americanism to an extent that we haven't seen in a very long time in that country. Some of this is whipped up by the government. Much of it, however, is genuine and very broadly shared in the Chinese population.

So when you look at the overall relationship this is a variable. This is a public perception that I think is very important to look at, and it concerns me, and it will constrain both governments in dealing with each other.

We are a democracy. Obviously our public perceptions are going to shape Assistant Secretary Kelly's and the U.S. Government's policies toward China. They may be a one-party authoritarian state, but public opinion in China also shapes the Chinese Communist Party's positions toward us. So I'm concerned with the kind of overall negative perception that each side has of the other.

Let me note briefly some other elements that concern the Chinese, and I say this only to sensitize you to how they look at us. Of course we are concerned with our policy toward China, but consider yourself a member of the Chinese Government with an incoming Bush administration that characterizes you as a strategic competitor, claims that it wishes to downgrade China as a strategic actor in East Asia while strengthening U.S. bilateral alliances and security partnerships all around China, seeks to move ahead with a robust and multilayered network of global ballistic missile de-

fenses, steps up arms sales to Taiwan, suspends bilateral military exchanges, reports in the press in the last day or two, which I gather the President may echo in his speech today that we're going to retarget a number of our own ICBM's on China, condemnation of Chinese human rights abuses, failure to appoint any China specialist to the top ranks of this administration in any department, possible opposition to Beijing's bid for the 2008 Olympics, and our reluctance to pick up where the last administration left off on North Korea.

This is how American policy looks from Beijing, and it's not a pretty picture. I'd say this not to pass judgment on these policies and positions but simply to draw your attention to how our policy and our government look from their perspective.

Now, let me then move to my final point, which is what should we seek from China in this relationship? I think you called a very important set of hearings at a critical time. The administration is just getting off the mark. It's undertaking a full-scale policy review. As I say, I think it needs a framework and a strategy and a vision for managing this relationship proactively, not reactively, and it needs to be engaged on a constant basis at very high levels with China policy.

China policy is like a garden. It needs to be tended constantly. We cannot wait for these incidents to erupt and then try and put out the fire.

But we need to deal with a China that is positively engaged peacefully with its region and the world, including Taiwan, does not threaten its neighbors, a China that does not destabilize other areas in the world through the export of ballistic missiles or other sensitive technologies and means of delivery, a China that accommodates itself to the American-led regional security architecture in East Asia rather than seeking to undermine it or oppose or disrupt it—this is a critical point that I think we need to have high-level strategic dialog with the Chinese about—a China that undertakes its own military modernization but in a measured and non-threatening manner, a China that does not contribute to the spread of narcotics, organized crime, public health threats and others that Assistant Secretary Kelly mentioned, and finally, a China that does not build its relationship with Russia, a so-called strategic partnership, into an anti-American alliance.

I am very concerned with the question that Senator Hagel raised earlier, but like Assistant Secretary Kelly, I don't think there's great cause for concern at the moment but need for very careful monitoring. So I think as the administration goes forward with their policy review they need to review former administration's policy reviews, going back to the Carter administration, and we need to ask ourselves some big, broad questions about the kind of China we seek, China's role in this region, China's role in the world, and to then structure policies strategically and tactically from that framework.

Thank you.

[The prepared statement of Mr. Shambaugh follows:]

## PREPARED STATEMENT OF DAVID SHAMBAUGH

Mr. Chairman and members of this distinguished committee, I am grateful to you for this opportunity to offer some of my views concerning the future of U.S.-China relations. You have heard from my colleagues, and going last there is not a great deal to add to their comments and insights—as I agree with much of what they have said—but allow me to offer a few observations about “where do U.S.-China relations go from here?”

You have called these hearings at an important and sensitive time in the relationship between our two countries. Bilateral ties have certainly been worse in recent years—notably in the wake of the 1989 Beijing massacre and at the height of the 1996 Taiwan Strait crisis—and they have certainly been better. But I would say that I sense a distinct fragility, uncertainty, and mutual suspicion in the relationship now that may be unprecedented. I say this with full cognizance of the fact that fragility is a permanent feature of Sino-American relations (and both sides need to learn to live with it), but I do believe that the accumulated weight of strains on the relationship in recent years is beginning to show, and that we may look back on the recent EP-3 incident as a qualitative watershed.

I say this because it was not only a difficult matter for the two governments to manage and negotiate (the release of the crew and return of the plane), but principally because of the impact that the events had on public perceptions in both countries. It had the cumulative effect of deepening existing mutual suspicions hardening public views of the other. Both public opinion polling and anecdotal evidence confirm that a majority in each nation now perceive the other as a principal adversary. The Chinese public, in particular, now sees the United States as harboring hostile intent towards China and its national aspirations. Some of this perception is the direct result of government propaganda and manipulation of information, but much of it also reflects genuine and widespread public perceptions.

Chinese nationalism has been a potent force for much of the period since 1919, and it is now increasingly directed against the United States. To be sure, it may also be convenient for an insecure regime to have (and create) a convenient external target as it wrestles with intractable internal problems. But the U.S. is now perceived by a majority of average Chinese as trying to hold China back and down, retarding its modernization, infringing on its national dignity, and restricting its rightful emergence as a world power. Modern history is filled with examples that those who seek to frustrate and deny these deeply-held Chinese aspirations earn the ire of aroused Chinese nationalism.

If there was a “is America a threat?” debate in China prior to the EP-3 incident—and there is evidence to suggest that this debate was resolved in the affirmative by a series of unfortunate events during 1999-2000—this is no longer the case. While many Chinese, including some of China’s most senior leaders, would like to maintain stable and productive ties with the United States, they see unmitigated hostile intent coming from Washington. In addition to the EP-3 incident (which symbolized to them the hostile intent of the U.S. military), they have been very concerned about the new Bush Administration’s:

- characterization of China as a “strategic competitor” (a term, by the way, that I endorse as an empirically accurate while allowing for simultaneous cooperation);
- desire to downgrade China as a strategic actor while claiming that its principal priority in East Asia policy will be to strengthen U.S. bilateral alliances and security partnerships all around China;
- determination to move ahead with a robust and multi-layered network of global ballistic missile defenses;
- stepped-up arms sales to Taiwan;
- suspension and review of bilateral military exchanges;
- failure to appoint any China specialists to the upper ranks of government, while peppering the administration with well-known “hawks”;
- possible opposition to Beijing’s bid to host the 2008 Olympic Games; and
- reluctance to pick up where the last administration left off on North Korea policy, which is at variance with the preferences of China, Japan, and our ally the Republic of Korea.

My point here is not to pass judgment on these policies and positions of the new administration, but rather to simply draw your attention to how American policy and the U.S. Government look from Beijing’s perspective—and that of the average Chinese citizen.

To be sure, American public perceptions of China also shifted in a demonstrably negative direction as a result of the EP-3 incident. Several public opinion polls fol-

lowing the incident reflect that perceptions of China as an “adversary” more than doubled—from approximately 30-35% to more than 70%. No doubt there is also a residue of bad taste among many in the administration and U.S. Embassy in Beijing who had to negotiate with China during the crisis.

Taken together, these mutually suspicious perceptions is not good news for the relationship—but any assessment of “where do U.S.-China relations go from here?” must begin by recognizing this factor as an important feature of the relationship. It will have the tangible effect of shaping and constraining policies of both governments. China may be a one-party authoritarian state, but public opinion and mass nationalism is definitely an increasingly important variable affecting Beijing’s policies toward the United States. Obviously, public perceptions also play an important role in shaping foreign policy in our democracy. The fact that these mutual public perceptions have moved in a more negative direction may be regrettable, but they are a subjective fact that have objective consequences.

As our two nations move ahead in the relationship with China, we must be prepared for some rocky waters. This is going to be an increasingly difficult relationship to manage and it will likely contain a fairly consistent amount of tension. While not desirable, it is entirely natural and understandable. It is also manageable. In my opinion, however, it does require:

- Constant attention at the senior levels of the National Security Council, White House senior staff (including the Office of the Vice-President), Department of State, Department of Defense, USTR, and intelligence community. The Sino-American relationship is not one that can simply percolate and manage itself—putting out fires where necessary—but rather is one that must be proactively managed.
- Officials with specific expertise and experience in dealing with China and Taiwan affairs—preferably including Chinese language capabilities and time substantial time spent in China—appointed to senior positions in the aforementioned government departments. To date, the lack of such expertise in the administration is glaring. Possessing China expertise does not guarantee sound policy or a harmonious relationship, but it should make for informed policy-making.
- Knowing the past record of relations and agreements with China.
- Keeping an eye on the long-term and big picture of China’s domestic evolution and emergence as an active member of international community.

In terms of China’s external orientation, the United States should seek a China that:

- Is engaged positively with its region and the world;
- Does not threaten its neighbors, including Taiwan;
- Does not destabilize other sensitive areas of the world through proliferating WMD and their means of delivery;
- Accommodates itself to the American-led regional security architecture, rather than opposing or trying to disrupt it;
- Modernizes its national defense capabilities in a measured and non-threatening manner;
- Is not a purveyor of non-conventional security threats—narcotics, aliens, organized crime, HIV/AIDS, pollution, etc.;
- Does not try to turn its “strategic partnership” with Russia into an anti-American alliance or relationship;
- And that restrains its own nationalistic and xenophobia impulses.

Pursuing such an agenda with Beijing will not be easy, but it is worth pursuing. In some of these areas we will find that China and the United States can and do cooperate. Our respective national interests and government’s policies coincide with respect to North Korea (at least before the Bush administration took office); a mutual desire for peace and stability in the Asia-Pacific; control of WMD; and in many of the non-conventional security spheres noted above. Yet, at the same time, we “strategically compete” in our divergent visions for an East Asian regional security architecture; over policies toward Iran, Iraq, and other “states of concern”; over the export of ballistic missiles; over Taiwan’s security; over the regional security role to be played by Japan; and over the very role of the United States itself in world affairs.

In short, the dichotomy of whether China is a “strategic partner” or “strategic competitor” of the United States is a false one—as China is both simultaneously. It is difficult for Americans to understand and adapt to such a relationship of ambiguity and complexity, as our nation is more accustomed to dealing with clear friends

and foes. Yet this ambiguity and complexity is a fact of life, and our policymakers in the executive and legislative branches must accordingly be both cognizant and creative in this context.

These are broad benchmarks for what we should seek from the PRC, but let me just close this opening statement by saying that we should not be naive about the regime we are dealing with in Beijing. It is a *government* that:

- Harbors deep suspicion, even hostility, towards the United States. It is not an exaggeration to say that Beijing's singular foreign policy goal is to weaken and dilute U.S. power (although, fortunately for us, it lacks the capability to do so). It claims that the United States is a hegemonic nation attempting to conquer the world and is, therefore, the greatest threat to world peace. This is not only the view of some hardline hawks in the military and Communist Party, but is a view shared across bureaucracies and in the public mind as well. Make no mistake, the kind of hostile rhetoric we have heard and read out of China in recent weeks is no aberration—nor is it empty propaganda we should dismiss as such. China does not care for how the United States behaves in the international arena.
- Is a one-party authoritarian state—but it is also one that, I believe, has a deep sense of insecurity.<sup>1</sup> It is very resistant to political change from without, and is experiencing only superficial political change from within. The regime is insecure—sitting on all kinds of problems—but not on the verge of implosion like the former Soviet Union or Eastern Europe. Rather the regime's legitimacy and power is progressively decaying over time. Yet there are two observations one can offer about insecure regimes: (1) they can be dangerous, and (2) they will try to create external enemies to divert attention away from domestic problems and mobilize popular nationalism against an outside "threat."
- Wishes to restore its dominant role in East Asia—eventually pushing us out of the region militarily, keeping Japan "in a box" without any role to play in maintaining regional security, while exercising a veto power over other states in the region.
- Is intent on reintegrating Taiwan under the sovereign and political control of the mainland—preferably peacefully, but by force if necessary.
- Finally, it is nonetheless a regime that needs the United States in a number of ways, does not seek an openly hostile relationship with Northeast Asia, and is prepared to coexist in the short-term, as long as Washington does not jeopardize its four core interests:
  - Monopoly of political control by the CCP;
  - Reabsorbing Taiwan;
  - Maintenance of territorial sovereignty and integrity;
  - Maintaining an inert Japan with weak defensive capability and no regional security role.

Thank you for this opportunity to share my thinking with you. I would be pleased to try and respond to any questions you may have.

<sup>1</sup>This perception of mine was seconded in recent days in a conversation with a visiting senior Chinese intellectual with close ties with several Communist Party leaders.

Senator THOMAS. Thank you very much.  
Mr. O'Hanlon.

**STATEMENT OF MICHAEL O'HANLON, SENIOR FELLOW,  
BROOKINGS INSTITUTION, WASHINGTON, DC**

Mr. O'HANLON. Thank you, Mr. Chairman. It's a pleasure to be here. I just wanted to quickly talk about four issues in primarily defense and security policy, which is my area of expertise. I don't have the China background of my distinguished fellow panelists, but I wanted to just talk about theater missile defense [TMD], national missile defense, arms sales, and the strategic ambiguity question just very briefly, touching on each.

My oral remarks as written up here summarize my overall take on where we stand with the military trends, but I wanted to apply that analysis now to these four issues if I could.

On arms sales I would simply argue that the Bush administration devised a very strong and balanced package because it recognized I think the basic situation strategically, which I think will continue for at least 10 years. I disagree here with a Pentagon report that expects that there could be an invasion vulnerability of Taiwan in the near future. I think that there will not be such an invasion vulnerability on the part of Taiwan but a blockade vulnerability is much more pressing. There's a much more pressing worry and real worry that China could blockade Taiwan.

So I think the arms sale package that focused largely on naval capability and anti-submarine capability for Taiwan was appropriate, and I hope that continues to be a policy we can put forth despite the problem with the diesel submarine production we've all learned about a fair amount about in the last few days.

I'll come back to theater missile defense in just a second.

On strategic ambiguity, here I'm afraid I have to disagree with Ambassador Lilley in the sense that I don't think there was an analogy between the Korea case of 1950 and the Taiwan case of the recent past. In Korea Dean Acheson was very explicit. We did not consider Korea within our area of interest or defensibility. In the case of Taiwan we've always been much more ambiguous, and I think we've been ambiguous in a way that leans strongly toward intervention.

I think China already knows that, and so I think you have to ask how does the policy change for the practical scenarios that may be of relevance and greatest concern here, and I certainly agree that we should never allow any doubt in China's mind about whether we would allow Taiwan to be conquered. Regardless of who starts the diplomatic crisis and how the war unfolds, there should be no doubt in Beijing that we would prevent Taiwan from being conquered.

I don't think that's the real scenario of greatest concern. I think the question is what sort of missile strikes might China undertake? What sort of submarine hit and run attacks might it undertake if Taiwan moves toward independence? And in that situation as I spell out in an op-ed that I've attached to my prepared statement, I think we want some flexibility. I think it's better for us to be able to say on the one hand to Beijing, cut it out, and we're going to use military force if this keeps up and gets worse, but also say to Taipei, back off the declaration of independence, and if you want our military help stopping these missile strikes or quickly breaking the blockade you're going to have to do some things to quiet this crisis down. I think our position is stronger if we have leverage over both sides.

I apologize for moving so quickly through these points, but I just wanted to keep within my 5 minutes.

On theater missile defense, the basic way I see this in military terms is it's a very hard problem from the point of view of the defender. It's very hard to stop ballistic missiles. We all know that China has now 300 near the Taiwan Strait. Even if we had a Navy theater wide defense up and running today the distance from

China to Taiwan is so short that those missiles could underfly Navy theater wide. Navy theater wide is designed to intercept missiles outside the atmosphere.

Other theater missile defenses that we're developing might be able to handle the short-range missile threat, but they're only going to have a limited geographic coverage. China has so many missiles that I think in the end we should not delude ourselves into believing that we can really protect against them in a full-fledged way.

On the other hand, I don't think we want to give China the sense that it's on the ascendance, that it has the momentum with this missile coercive capability. We want sort of a balance of perception, a balance of momentum even if we don't really at the end of the day believe we can have a robust missile defense for Taiwan. So in this case I actually would have supported a PAC-3 missile sale or a commitment to such a sale on the part of the Bush administration, and my guess is they may go ahead with that next year or in the foreseeable future.

I hope there will be some restraint on the Aegis sale. I'm not sure that's well advised in the short term because again, I'm not sure Taiwan should spend its scarce defense resources on a capability that's not going to be that robust anyhow.

So those are my limited thoughts on TMD. You're looking for a balance. You can never really have militarily complete defensibility, but it also doesn't make sense to give China a *carte blanche* with its missile buildup near the Taiwan Strait.

And then finally, getting to national missile defense, just a very quick point, and also in reference to Senator Kerry's question. My bottom line, I don't know whether it's a good idea or not for the United States to try to stop China from having a capability against us. It's a very difficult strategic question.

I'll make a military judgment, which is we can't do it—we cannot do it even if we try. I simply do not think that any technology I know of on the drawing board or even nearing the drawing board will be able to deal with the likely and almost inevitable Chinese response to any national missile defense capability we might devise. On the other hand, China will see our buildup and perhaps worry that it has to then build up itself.

So I think in the case of China I would not encourage the United States to view that as a plausible target for our national missile defense efforts. I think we should focus very seriously on Iraq, Iran, and North Korea, and especially with boost-phase technology that I think is more promising than the Clinton administration proposed system, but I just don't think we have the wherewithal technologically to defeat China in an offense-defense missile competition because the offense has so many advantages in this realm.

So we may not want to apologize to China too much for our deployment, and I'm not interested in giving China too much in the way of an ability to protract our own deliberations on this subject, but I do think that at the end of the day we cannot really win a competition with China, and therefore there's no great purpose in trying to, and we might as well reassure them so they don't go ahead and take counter-measures or do things like proliferate technology to the likes of Iran, Iraq, and North Korea as a consequence of our own deployments.

So I'll wrap up there if you don't mind, Mr. Chairman, and look forward to a discussion.

[The prepared statement of Mr. O'Hanlon follows:]

PREPARED STATEMENT OF MICHAEL O'HANLON

A MILITARY ANALYSIS

Chairman Thomas, Ranking Member Kerry, and other members of the subcommittee, it is an honor to appear before the Senate today to discuss the important matter of the future direction of U.S.-PRC relations. Because my expertise is in the general area of defense policy, I will focus on the military aspects of those relations.

China and the United States are in the uncomfortable position of trying to be friends while increasingly becoming each other's chief military rivals. Given the very real possibility of conflict, particularly over Taiwan, and the need of military organizations to conduct plausible worst-case planning, it is nearly inevitable that this paradox will be with us for many years to come.

Against this backdrop, we need to prepare ourselves for the fact that we are indeed engaged in a protracted military competition with China. In this sense, President Bush is surely right to call China a strategic competitor. That term may be unfortunate, and even somewhat incendiary, if used to describe the broader relationship—hence I would encourage Mr. Bush to be more selective about the context in which he employs the phrase. But in a military sense, Mr. Bush's description is fair, and Americans as well as Chinese need to steel ourselves to that reality—rather than be surprised when the other country takes certain actions we find less than friendly.

There is no reason to think that we are headed for an increasingly dangerous competition with China. But even those who are sanguine about the long-term prospects of the U.S.-PRC relationship and impressed by how far China has come in the last 25 years must acknowledge that there is a real possibility of war and that both sides will continue to prepare for it.

That said, the United States begins the 21st century with several striking strategic advantages vis-a-vis China, and these advantages are in my judgment likely to endure for the foreseeable future—certainly much more than a decade. They are as follows:

- The United States greatly outspends China on defense—presently by a ratio of about 5:1 or even more;
- The United States owns roughly \$1 trillion of modern defense equipment, in contrast to China's total of \$100 billion or less, and these numbers will not change quickly;
- China's large armed forces, roughly twice the size of the U.S. military, drain resources away from modernization and training accounts. Ironically, partly because it has a large military, China also has a poorly equipped and trained military;
- There are no plausible circumstances under which the United States would wish to mount an invasion of China, so China's large but largely immobile armed forces would do it little good—and China would not have the same type of "home court advantage" that countries such as Iraq or North Korea might possess in a future war against America;
- China's domestic defense industrial base is large and improving, but of mediocre quality. China produces no top-notch fighter jets, for example, and is also weak in areas such as submarine and ship production. Moreover, China's domestic and economic problems are severe enough—as my colleague Nicholas Lardy has convincingly shown in a 1998 Brookings book, "China's Unfinished Economic Revolution"—that it will not easily transform its science and defense industrial sectors into first-class operations anytime soon.
- Regarding Taiwan, although China has Russia as a ready and willing arms supplier, Taiwan has access to the weaponry of the United States and France; the value of Taiwan's arms imports exceeded the value of China's by a ratio of more than 5:1 in the 1990s.
- Taiwan's proximity to China would allow the PRC to use land-based aircraft in any conflict over the Taiwan Strait. However, the Strait is sufficiently wide, and Taiwan sufficiently well-armed and sufficiently difficult to invade, that amphibious assault is well beyond China's means.

Of course, China has some advantages as well, even if they are not as impressive on the whole as those of the United States. In addition to its proximity to the most



likely combat theater—Taiwan and surrounding waters—it is firmly devoted to the cause of getting the island back. It probably has a greater tolerance for casualties than the United States. If China's main interest were in coercing or harming Taiwan rather than seizing it, its geographical proximity would become a significant advantage. For example, it could probably mine Taiwanese harbors rather easily, could use submarines in occasional hit-and-run attacks against commercial shipping going into and out of Taiwan, and could undertake missile strikes against the island. Finally, it might be able to profit from certain vulnerabilities in the technology-dependent American and Taiwanese militaries, especially if they let down their guards. For example, to the extent that the United States has reduced its efforts to harden military electronics against high-altitude electromagnetic pulse (EMP)—as appears to be the case—China may be able to detonate a nuclear weapon high in the atmosphere east of Taiwan and destroy many American and Taiwanese electronics systems (without necessarily causing any significant loss of life or otherwise provoking U.S. nuclear retaliation).

What of future trends? The first point to make is that change is not that fast in military affairs; building high-quality armed forces takes many years if not decades. In particular, I would strongly disagree with a recent Pentagon report claiming that China will probably have the ability to conquer Taiwan by 2005. The second point is that China's military wastes too much money maintaining a large force structure—further limiting its ability to modernize quickly. (The PLA's official annual budget is increasing 18 percent, but that increase is designed partly to help the military get by without owning as many private industries.) That is the relatively good news.

Third, however, China will have the means to improve certain capabilities in significant ways in the years ahead. For example, it should be able to acquire significant stockpiles of several types of advanced missiles—Sunburn anti-ship missiles, improved air-to-air missiles, increasingly accurate cruise missiles, as well as accurate homing submunitions that may be released by ballistic missiles. Such capabilities will put Taiwan at increasing risk of surprise attack against its airfields, command posts, ports, and ships, unless Taipei and Washington redress their vulnerabilities.

The long and short of this brief assessment is that the United States, and its friend Taiwan, enjoy a relatively strong strategic position vis-à-vis China that they can expect to retain for many years. However, they will have to be vigilant and responsive to improved PRC capabilities. They will also have to be careful to avoid actions that could provoke war (as of course will Beijing). The fact that Taiwan and the United States could prevail in any conventional conflict in the Western Pacific for the foreseeable future does not mean that they have anything to gain by winning such a war. In fact, such a war would lead to the embitterment of the world's most important and largest rising power, and could quite possibly entail a sustained period of low-level PRC attacks against Taiwan and the United States even after most hostilities were over. Even more than some wars, it is a conflict that we must do everything to avoid.

[Following are two recent op-eds of mine on the subject.]

#### APPENDIX

[From the New York Times—Apr. 27, 2001]

##### “A NEED FOR AMBIGUITY”

(BY MICHAEL O'HANLON)

WASHINGTON, DC.—In an interview Wednesday on ABC's “Good Morning America,” President Bush said the United States would do “whatever it took” to help Taiwan defend itself, up to and including the use of military force. The White House later insisted that Mr. Bush had said nothing new. But his crystal-clear statement was unquestionably a departure from the longstanding policy of strategic ambiguity—in which the United States expresses a strong interest in Taiwan's security while avoiding an outright promise to defend it in war.

In one sense, Mr. Bush is right. The United States could never stand by and watch China swallow Taiwan. Even though we have not had a formal security treaty with Taiwan since the 1970's, it is a thriving democracy of 23 million people that remains an important friend. Doing nothing while China seized it would make our other allies question our commitment to their defense—and might even lead some to consider embarking on dangerous military buildups.

However, China does not have the means to invade Taiwan. If leaders in Beijing ever elect to use force, they will probably try to coerce Taipei with missile strikes or a naval blockade rather than trying to seize the island. Under those circumstances, the United States would want the option of doing nothing—at least at first. President Bush's ill-considered statement takes a step toward depriving us of that option.

Consider a specific possibility. What if Taiwan clearly moved toward declaring independence and China replied with a limited attack? China might launch one or two conventionally armed missiles against Taiwan's territory and then demand that Taipei renounce its statements about independence or face further strikes. Or China might deploy its submarines to blockade ships headed toward Taiwan until Taipei reaffirmed its commitment to the concept of a single China.

Under the policy of strategic ambiguity that has been followed by the last four American presidents, Washington could take a judicious approach in such a situation. It could insist that China call off the attacks and could threaten military action—while quietly telling Taipei to retract any independence rhetoric if it expected American military help. Such a strategy might well work in quelling the conflict before it escalated and before it directly involved the United States.

Unfortunately, Mr. Bush's statement would seem to commit the United States to help Taiwan in all circumstances. His pledge of American military help if China should attack Taiwan was unequivocal and unambiguous. Taiwan would get our prompt assistance regardless of whether it renounced provocative statements, whether China's attack was limited or open-ended, or whether we had good military options available.

The China-Taiwan relationship is one of the most dangerous in the world. President Bush treated it with proper care in his carefully balanced arms sales package for Taiwan, but he mishandled it Wednesday. In this case, clarification of intent is likely to make the Taiwan Strait a less stable, more dangerous place.

[From the Washington Post—Apr. 14, 2001]

#### "THE RIGHT ARMS FOR TAIWAN"

(BY MICHAEL O'HANLON)

During the [EP-3] standoff with China, the Bush administration wisely stated that future U.S. arms sales to Taiwan would not be influenced by the crisis. Instead, the administration signaled that it would decide which arms to sell Taiwan based strictly on the island's military needs. It is high time to ask what those needs really are.

Taiwan has requested a slew of weapons ranging from submarines to surface ships to anti-submarine aircraft to advanced munitions. Given its strategic position—a small island [of 23 million] with a defense budget of \$15 billion, facing the world's largest nation with annual defense spending around \$40 billion—that extensive shopping list is unsurprising. But the United States needs to base its decision on what arms to sell on a detailed understanding of Taiwan's military needs, and with an eye toward promoting stability and smooth relations between Taipei and Beijing. That approach calls for a robust package of arms sales this year—but also for a degree of restraint, most specifically over the high-visibility issue of Aegis-class destroyers.

Taiwan is not particularly vulnerable to invasion. Amphibious assault against a small, well-armed, densely populated island such as Taiwan is extremely difficult. China's ill-equipped and unevenly trained military would have to storm shores known for their ruggedness in the face of Taiwan's anti-ship weapons, large guns and small arms. Leaders in Taipei would have time to mobilize their reserve forces of more than 1.5 million—100 times the number of troops China could transport in a single journey of its entire amphibious and airborne armadas.

That is not to say Taiwan should be complacent about its invulnerability to invasion. For example, it should continue to harden its airfields and command posts against Chinese surprise attacks. But its real problems lie elsewhere. Specifically, it is at less risk of being conquered than of being strangled or coerced. Chinese missile strikes and naval blockades are its real headaches.

To cope with the risk of blockade, Taiwan needs to improve the naval balance across the Strait. China currently has some 70 submarines, with nine of respectable quality. Its surface fleet is almost as large. Taiwan is weaker both on the seas and below. Nor does it have other assets, such as sufficient numbers of high-quality anti-submarine aircraft.

Against this backdrop, the United States should grant Taiwan its request for P-3 aircraft specializing in anti-submarine warfare and sea control. It should also sell

ships with improved anti-submarine and air defense capabilities, such as the four Kidd-class destroyers the U.S. Navy no longer needs. The United States should also seriously consider selling Taiwan submarines. It has desisted from such sales in the past out of concern that Taiwan would use them aggressively or preemptively. But Taiwan is too trade-dependent to provoke a game of submarine hit-and-run in the Pacific. Given that it has nothing but four rickety submarines built decades ago, its subsurface fleet probably does need improvement.

The hardest question is the missile issue. China has increased the number of short-range missiles near Taiwan to somewhere between 200 and 300, with no signs of slowing down. In the face of this buildup, Taiwan and the United States should respond. In particular, Washington should agree to sell Taipei its improved Patriot defense system known as the PAC-3.

But the United States should hold off on further sales of theater missile defenses—notably, the Aegis-class destroyers that could ultimately deploy the Navy Theater Wide defense system in 2008 or 2010. There are three reasons for restraint. First, China's missile threat to Taiwan is a terror instrument of limited utility, not a war-winning instrument. Second, the missiles cannot be reliably stopped anyway. As mentioned, Navy Theater Wide is not yet available. Even when it is, it will not be able to counter short-range missiles that fly within the atmosphere. China could also swamp virtually any missile defense system through sheer force of numbers.

Finally, it is not necessarily a bad thing that Taiwan feel a certain vulnerability. U.S. policy continues to support the notion of one China. That policy in turn requires both Beijing and Taipei to show restraint toward each other. Taipei is most likely to avoid unilateral declarations of independence and other provocative actions if it recognizes there would be costs and risks in such behavior.

But the United States also needs to send China a clear message: Continue the missile buildup and we will sell Taiwan more advanced theater missile defenses in the years ahead. A balance of capabilities across the Strait is acceptable; bullying by China is not.

Senator THOMAS. OK. Thank you very much. I appreciate it. You have some interesting insights into what we do.

Mr. O'HANLON. Thank you, Senator.

Senator THOMAS. I think generally you talked about using trade and regular relationships to strengthen over time and so on. How do you react then to people who are very concerned about human rights? We asked the United Nations Commission on Human Rights to do something just recently and they shelved that, but that's what we hear a lot, and people are properly concerned about human rights.

How do you deal with that in terms of emphasizing trade and relationships? What do you do about that aspect of it?

Ambassador LILLEY. Well, I will try and answer that. I think the experience that I've had is that you deal with it in constructive ways, not by sticking your tongue out at them.

We have ways to influence the process in China in terms of economic interaction, more so than any amount of criticism in the U.N. Commission on Human Rights. What has really changed China for the better—and I'm not saying it's perfect by any stretch of the imagination—is the introduction of the rule of law, the introduction of the American style joint ventures with material incentives, our idea of a constitution. The Chinese actually took the "counter-revolutionary" clause out of their earlier Constitution but then of course substituted something that was almost as offensive.

But one can see across the board changes happening because of this constructive American approach, and the new Assistant Secretary for Human Rights—to whatever they call it in the State Department now—is determined to take these constructive tacks, the kinds of things that the International Republican Institute is doing. They are a lot more effective.

Jerry Cohen and others are working hard on expanding the rule of law. This is a tough proposition but the prestigious Yale Law School is introducing this into the Chinese system; such as the implied adjudication of disputes through local courts—there are always exceptions to the rule of law because of the Chinese system, but a multi-faceted approach should be to emphasize the positive. We have to protest the cases of Americans being arrested and the way they've treated our Chinese Americans. We have got to complain, and to object. But don't get mad, get even.

What we see that doesn't work is the kind of linkage that was made in 1993 between human rights and most favored nation, an obvious open challenge to the Chinese in 1994. We had to back down in a rather humiliating way.

Mr. PAAL. I'd just reinforce that. I can imagine a Presidential speech given in Shanghai or Beijing this coming October which would speak to the better nature of both Chinese and American societies rather than finger pointing, talk about the moments when China has risen to justice for its own people and recount our own struggle in our nation's history for just that sort of thing.

Moreover, practically speaking I believe we're the only OECD nation that does not have an economic package to support legal reform in China; not even a token amount of money to spend on legal reform, whether it's done in the name of processing commercial laws so the WTO procedures can be more effectively administered or broader principles of justice that can be trained into a Chinese core of judiciary and defense trial lawyers.

Senator THOMAS. Mr. O'Hanlon, do you think our commitment, which I support, to defend Taiwan encourages Taiwan to do some things that are inclined to increase the tension?

Mr. O'HANLON. That's a very delicate matter, Mr. Chairman, because of course I don't want to sound critical of Taiwan's basic political system, which I greatly admire, but I do think there has been a push in the last few years for Taiwan to increase its international visibility and autonomy with even a hint of an independence leaning in some of the moves.

I don't necessarily have any great criticism in the sense that if I were Taiwanese perhaps I could understand—I'd want the same thing. On the other hand I think it's very much not in the United States' interest to encourage that sort of behavior. And I do think, for example, when Taiwanese leaders say we don't have to bother declaring independence because we all know we've already got it, to me that's perilously close to the sort of statement we really don't want them to make, and therefore I do think we should retain some flexibility to have leverage over them.

It's a much different sort of leverage. It's the leverage of a friend in contrast to China, where we're obviously talking about leverage against a military competitor even if we're friends in another sense in a broader context.

So I don't mean to sound too critical toward Taiwan, but I do think that they have been part of the cause of the recent tension and that we want some flexibility and leverage to rein them in at times.

Senator THOMAS. It seems like the talk about independence has slowed down a little after the election. It was kind of a high at that point.

The advice I got several years ago from the senior minister in Singapore was that our job ought to be to help hold peace—a peaceful situation over time so there would probably be a generational change before this Taiwan issue would probably be settled. It seems like that was pretty good advice probably.

Ambassador Lilley, you spoke of the impact of trade of course, and obviously there are some who feel like that the PRC has not always complied with the rules of trade and has often not. What is there to expect that if they're in WTO that they will comply with the rules of trading among partners?

Ambassador LILLEY. Well, just one comment about the Taiwan situation. In my experience, when Taiwan has real confidence they're more inclined to deal with China. I can make a very compelling chronological case of this.

The argument the Taiwan move for independence is tied to our arms sales is basically a Chinese argument. If we repeat that I think it weakens our case.

Senator THOMAS. Let me ask, you say when they feel confident they deal with them in a more peaceful way or a less threatening way—

Ambassador LILLEY. Taiwan opens up to China.

Senator THOMAS. I see.

Ambassador LILLEY. During the Reagan administration it was fantastic what Taiwan did when Taiwan had a sense of assurance. Yes, it was driven by economic factors too, but I can give you many more instances how this happened.

Senator THOMAS. So they'd feel more comfortable—

Ambassador LILLEY. Yes. And right now there is positive indications that the DPP, the so-called independence party, is beginning to talk in terms of working with the so-called PRC three conditions in "one China" on establishing political relations with China with cross-Straits talks. Taiwan looked at it but they fear China may not come through. So Taiwan seeks bargaining leverage through us.

In other words, the negotiations are arcane and very Chinese, and maybe we'd better stay out of it in terms of direct participation. But it's moving in a positive direction commercially, economically and financially. The fact that we've given Taiwan some confidence should not move them toward independence. Taiwan in fact has been trying to establish its own embassies for 40 years. The current attempts to do so which "irritate" China are nothing new.

Anyway, getting to the other question you have about trade and the Chinese keeping their agreements, probably the most effective agreement we've had with them is the one on intellectual property rights [IPR] where we do have teeth and we were prepared, as I understand it, to raise the tariffs on Chinese goods. Earlier, we considered a tariff raise of \$2.5 billion, which was as much as we lost through their ripping us off on disks and other video and audio properties.

They got the message. They signed the agreement on IPR—I think most people will agree in this process that there has been a reduction in Chinese fabrications. It hasn't been perfect, but we

have affected the course of events by having teeth in our agreement.

In terms of the WTO that is a tough one, but let me just tell you something that John K. Fairbank, the great China scholar who was supposed to be pro-China, said in April 1969. "Whenever we try to negotiate China's participation international arrangements, whether journalistic, tourist, commercial, scientific, or nuclear, she will retain a bargaining advantage because of her size and self sufficiency and because of her implacable self esteem. We shall continue to meet righteous vituperation, arrogant incivility. In the end we outsiders will probably have to make many more adjustments to China's demands than we now contemplate."

John K. Fairbank, April, 1969, before we opened up to them, these are the problems we have in dealing with China today.

The negotiations are going to be tough. We're going to have to take the problems to the Chinese. We've got other violators like Korea, Thailand, India and Japan who've violated IPR. We've got to take them all on in a measured and skillful way. It's much better to have them inside the tent than outside the tent; China should be in WTO. We need to work with our friends and allies who have the same problems of market access, which is an essential problem in China, market access for service industries, technological industries, and others, including agriculture. Agricultural subsidies I understand is the key issue right now that's holding it up.

If we can resolve these in ways of mutual compromise—we're not going to get a perfect pie—but we should be getting a lot more access than we've got now, and the estimates are that our exports will go up substantially.

Senator THOMAS. It sounds good.

Mr. Shambaugh, what is your evaluation of the role of the PLA in terms—it seems like particularly in the airplane incident and perhaps nationalism entirely the PLA has a substantial influence in government. What's your impression of that?

Mr. SHAMBAUGH. I don't think we really know for sure, Senator. I think that there's been a lot of premature conclusions about the role of the PLA in the EP-3 incident.

It's clear that the PLA is at the hard-line end of the spectrum in China when it comes to views of the United States, but they're not alone. There are equally hard-line elements in the Communist Party, in the security apparatus and other parts of government, and indeed as I think we've seen in the society at large. So I'm not myself convinced that the PLA as an institution drove the Chinese response in the early days of the crisis.

In fact, I think we might have driven the Chinese response. President Bush might have driven the Chinese response and Admiral Blair might have driven the Chinese response by their demands within the first 36 hours.

I'm not saying the demands were not appropriate, but from the Chinese perspective it narrowed their options shall we say, in the demand for the release of the crew, sovereign immunity for the plane, and so on and so forth, as opposed to saying, well—picking up the hot line for example and calling President Jiang and saying, "Well, apparently there's been a mid-air accident. You apparently

have lost one of your planes and your pilots. We're certainly willing to help in the search and rescue. Our plane fortunately did not go down. It looked for a while like it might. It's on your air base. We appreciate your taking care of the crew. Let's have an exploration of this issue."

That was an alternative that was not—if it was explored certainly was not made by the President. Had he done that I think the Chinese response may not have been as hard-line as it was.

My point is I think there is a consensus in China about the United States that is not just driven by the PLA. Indeed, it's broader, and what particularly worries me is its existence broadly in society today, and it's come along for a variety of years and a variety of issues: the Belgrade bombing, the Olympics, the Yinhe Affair, so on and so forth, so I think that in the West we have this tendency to simply put the PLA in this corner, and that's not empirically the whole case.

But I would also say that the PLA, if anything, has withdrawn from politics in China in recent years rather than becoming more involved in politics. They're becoming much more professional in their mission and they're not as interventionist, shall we say, in the Chinese political system as they once were.

Senator THOMAS. That's interesting that they've apparently withdrawn from some of the commercial activities that they've been in, but some people believe that there's still a big question over whether they're responsible to the government or not.

Mr. SHAMBAUGH. Right.

Senator THOMAS. Which I suppose will always be a question.

You mentioned I think that the people really have a more condescending view than does the government. I was on a program this morning when they asked—they felt as if as opposed to the time of Tiananmen Square and so on that young people were less sympathetic toward working with the United States than they used to be, and the young people had become a little more nationalistic.

What's your reaction to that?

Mr. PAAL. I think there's a lot of schizophrenia in China. A lot of young people want to come to America and study. They want to wear the American style clothes and participate in American style culture, but they also feel very strong pride.

And as I said in my remarks earlier, the people who are in their 20's have no recollection really of Tiananmen or other disputes with other powers. The United States has loomed as the large shadow across China's future in the last decade in their minds, and these are the people who will go to the streets and will fill up the Web sites with their commentary.

The Washington Post Web site shows where you are exposed to people from Beijing universities and Chinese universities generally sending in their questions on e-mail, and it's really harsh stuff and it comes at you fast and furious. We need to target them better. We need to speak to them more directly and find ways of addressing their concerns but don't drive them together with a regime that they find quite unpopular at home.

Don't give that regime a chance to hide behind nationalism as it tries to hold on to power for as long as it can without conducting

internal reform. We should speak to their internal agenda for reform in a friendly and encouraging way whenever that's possible.

Ambassador LILLEY. Can I add something here, Mr. Chairman?

Senator THOMAS. Sure.

Ambassador LILLEY. One of the ironies is occurring now. When I was in China in 1989 there was this outbreak of protest demonstrations in the cities, in the urban areas—of pro-democracy, anti-corruption, anti-nepotism all over urban areas in China, not in just Beijing. There were seventy-seven cities when we tracked it. The Tiananmen papers say there were twice as many outbreaks. There was a huge outpouring of urban feeling against the government, whereas at that time the 70 percent of the population in the countryside thought that the demonstrators were a bunch of wild unruly young kids who should be disciplined.

Professor Zweig of Fletcher had written a piece on this processing the countryside. The rural Chinese had no time for these demonstrations.

What you have today is a reverse of that process. You have the urban areas steamed up with the nationalism, and much more hostile to us. When you go to the countryside—and a friend of mine who was recently in Guizhou Province for 4 years and speaks beautiful Chinese said that when he got out of the city and into the rural areas the complaints were against the government. They basically had problems with the government, particularly local cadres. The rural exploitation by the arrogant and corrupt cadres, the excessive taxes, the stealing, all contributed to their arguments against the government.

Many of the difficulties occurring in China today are largely in rural areas, and it's an interesting change in the atmosphere in China.

Senator THOMAS. It is interesting, isn't it?

Ambassador LILLEY. Yes.

Senator THOMAS. You think when you go there the Shanghaies and so on are the—seem to be the advanced ones, and west China still way behind, and you think maybe the attitude would be the reverse of that.

Ambassador LILLEY. Again, I'm not as pessimistic as some about this. Yes, I think Doug Paal is absolutely right that there is this violent, strident commentary by these young Chinese.

Senator THOMAS. Yes.

Ambassador LILLEY. But they lose nothing from doing that. It makes them feel good. They're thumbing their nose at us.

Senator THOMAS. We were in the classroom at Beijing University right after the bombing of the embassy, and the kids were very strident about it. Well, gentlemen, thank you. I appreciate it very much.

I think we have a real challenge before us now, and I'm a little more sympathetic to the administration than some. I think it's reasonable for them to take a look at what they're doing and get their plans together and so on, and they walked in at kind of a tough time too as a matter of fact.

But at any rate, I appreciate your input and your statements will be part of the record, and thank you so much for being here.



[Whereupon, at 3:46 p.m. the hearing was adjourned.]

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#### ADDITIONAL QUESTIONS SUBMITTED FOR THE RECORD

RESPONSE OF HON. JAMES A. KELLY TO AN ADDITIONAL QUESTION FOR THE RECORD  
SUBMITTED BY SENATOR JESSE HELMS

*Question.* The 1951 Allied Peace Treaty with Japan does not bar Prisoners of War (POWs) forced to work as slave laborers from suing the Japanese corporations for their wages and damages. This is according to leading treaty and legal scholars as well as the other countries who signed this treaty. Our State Department, however, has chosen in the past to oppose U.S. POWs and support Japanese corporations in U.S. courts. Will you agree to take a fresh look at this issue once in office, and, if the facts warrant, recommend a change to the U.S. government's position of the past few years?

*Answer.* All Americans owe a great debt to those who served so valiantly during World War II. The treatment of our soldiers by the Imperial Japanese Government was appalling and morally abhorrent by any standard. We sympathize deeply with the POWs and all veterans who suffered as a result of their service.

The 1951 multilateral Treaty of Peace with Japan, to which the U.S. is a party, contains a very specific provision in Article 14 that settled all war-related claims against both the Government of Japan and its nationals, including U.S. nationals who were victims of Japanese forced labor were eligible for compensation pursuant to the amended War Claims Act of 1948, from the proceeds of liquidated Japanese assets in the U.S., including, principally, the assets of Japanese commercial interests. American POWs who were held by Japanese forces for the duration of the war and who applied for such compensation received, on average, over \$3,000 pursuant to this statute in the 1950s (approximately \$20,000 in today's dollars.)

The Bush Administration—like previous administrations—has executed its lawful responsibilities by informing the courts concerning the correct interpretation of the 1951 Treaty. The Executive branch has not in any way blocked or impeded the POWs access to the courts nor has it made any attempt to defend the corporations named in these lawsuits. As a matter of law, it is ultimately for the courts to decide exactly what the Treaty means. The POWs are represented by able legal counsel and are fully exercising their right to have their day in court.

The U.S. government's position is a long-standing one. No U.S. administration has ever taken the view that the Treaty permits a private right of action in U.S. courts against Japanese nationals. This position is based upon a careful analysis of the text of the 1951 Treaty, its negotiating record, U.S. Senate debate at the time of advice and consent, and relevant decisions of the U.S. courts regarding the Treaty and related issues.

U.S. government officials, including Secretary Powell, have discussed the POWs' claims with Japanese government officials on several occasions, stressing the strong feelings that this issue generates in the U.S. Partly as a result of our representations, Foreign Minister Tanaka on September 8, made the Japanese Government's first-ever explicit apology to the POWs for their wartime treatment.

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RESPONSES OF HON. JAMES KELLY TO ADDITIONAL QUESTIONS FOR THE RECORD  
SUBMITTED BY SENATOR JOSEPH R. BIDEN, JR.

#### INDONESIA: VIOLENCE AGAINST HUMAN RIGHTS DEFENDERS

*Question.* The current political crisis in Indonesia has exacerbated existing conflict and tensions in the outer regions, particularly Aceh and Irian Jaya/Papua. Of particular concern is the increasing number of violent attacks on human rights defenders, humanitarian workers, and non-violent activists and community leaders. How can U.S. policy toward Indonesia address these concerns more effectively?

*Answer.* We will continue to urge the Indonesian government to address problems in Aceh, Irian Jaya and other troubled areas by engaging in dialogue to address legitimate local grievances with comprehensive political and economic solutions, rather than by repressive means. At the same time, we will continue to caution both the Indonesian security forces and those opposed to the Indonesian government against the use of violence. In Aceh, for example, both security forces and the Free Aceh Movement (GAM) have committed serious human rights violations against ci-

vilians. In Irian Jaya, security forces and to a lesser extent Papuan separatists have also committed human rights violations.

In cases of violence against human rights defenders and humanitarian workers, we have and will continue to press the Indonesian government to investigate abuses thoroughly and bring perpetrators to justice. We encourage the continued development of the Indonesian justice system, and would support the Indonesian government's creation of ad hoc human rights tribunals to consider such cases if appropriate.

Our assistance program for Indonesia is another tool to assist in peaceful resolution of conflict. U.S. assistance is focused on the development of civil society and democratization, strengthening the rule of law and civilian control over the military. We will continue to work with locally based NGOs on good governance, human rights and conflict prevention and resolution. We also coordinate our aid with the international community to ensure the most leverage for our assistance. As Indonesia's democracy evolves, the central government is devolving political and fiscal powers to the provinces. As decentralization proceeds, for example, we are shifting our police training programs, designed to create democratic, community-based police forces to the provinces.

#### VIETNAM—HUMAN RIGHTS

*Question.* The human rights situation in Vietnam is of great concern. According to the State Department's 2000 Country Report on Human Rights Practices, the government of Vietnam "continued to repress basic political and some religious freedoms and numerous abuses by the Government continue."

What steps do you propose to take to address the human rights situation in Vietnam?

*Answer.* The Department, our Embassy in Hanoi, and our Consulate General in Ho Chi Minh City have all urged the Vietnamese Government on repeated occasions to respect the human rights of all Vietnamese citizens. We will continue to press this issue at every opportunity. We will also continue to engage Vietnam on human rights issues through our annual Human Rights Dialogue. This dialogue provides a forum for expressing our concerns about human rights violations through frank discussions with the Vietnamese Government and serves as a vehicle for demonstrating to Vietnam that the recognition of international human rights principles is a cornerstone of U.S. foreign policy.

#### DEMOCRACY AND HUMAN RIGHTS

*Question 1.* Will you commit to assisting RFA obtain necessary permission to transmit its broadcasts from nations in the region?

*Answer.* I support RFA broadcasting in the area and am prepared to continue to assist RFA in seeking permission to transmit in the region.

RFA keeps my bureau informed of its plans for trying to expand broadcasting in East Asia and the Pacific. Our embassies in Mongolia, Tajikistan, Kazakhstan and Armenia have assisted RFA in successfully arranging for transmitter time in those countries. Our embassies in Korea, the Philippines and Thailand also have worked extensively with RFA to seek transmitter time. Unfortunately, efforts in these countries have not been successful to date.

*Question 2.* Will you commit to undertaking a serious diplomatic effort to persuade the PRC government to cease jamming of U.S. international broadcasting?

*Answer.* We will continue to press the Chinese on this issue.

Through the years we have pressed the PRC government to cease jamming of VOA and RFA broadcasting. Jamming of the broadcasts and blocking of the VOA and RFA websites are also mentioned every year in the Human Rights Report on China. Although the Chinese deny that they jam, we have daily monitoring reports that show that they consistently jam some Mandarin and Tibetan, though not English-language broadcasting. Despite our efforts, the jamming of Tibetan language services has increased in the past twelve months.

*Question 3.* Describe the role that you believe promoting human rights and democracy should play as a goal of U.S. foreign policy.

*Answer.* We support democracy abroad because it embodies our fundamental ideal of government by and for the people and because it is the best guarantor of human rights. Democracy also serves our strategic interests. Democracies are far superior to authoritarian systems in producing long-term economic growth and social and political stability. Democracies are less likely to fight wars with each other and more likely to cooperate on security issues.

Writing new constitutions and holding elections are critical steps in the process of democratization. But genuine democracy also requires protection of human rights including in particular freedom of political expression, functioning political institutions acting under the rule of law, respect for the rights of minorities, representative and inclusive political parties, an active civil society and free press, and a culture of political tolerance and openness to dissenting views.

The United States promotes democracy through our diplomacy and programs, both bilaterally and multilaterally. In the East Asia and Pacific region, we support activities promoting democratic institution building in key countries where transition to democracy is in progress. We have funded programs to advance judicial professionalism and respect for human rights in Indonesia. U.S. funding will also support Cambodian NGOs engaged at all levels of government and society to help plan, monitor, and implement Cambodia's first-ever local elections in February 2002. Another high priority is the promotion of rule of law in China.

